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NEWS SUMMARY

GENERAL

Rhodesia vows airliner revenge

Black and white Rhodesian leaders, angered by the destruction of another airliner and the deaths of its 59 passengers and crew, vowed revenge against the nationalist guerillas who apparently shot it down.

Prime Minister Ian Smith said it seemed clear the Air Rhodesia Viscount had been brought down by geurrilla fire. In Nairobi, guerrilla leader Joshua Nkomo said that if the crash was caused by ground fire, his men must have been responsible. Page 4

Benn opposes Harriers sale

Energy Secretary, Mr. Anthony Wedgwood Benn, joined Labour Left-wingers in open opposition to the Government's proposed sale of Harrier jets to China.

Mr. Benn's move could lead to another clash with the Prime Minister over his role as a Cabinet Minister. Back Page

Maudling 'worse'

The condition of Mr. Reginald Maudling, a former Conservative Chancellor and Home Secretary, who is suffering from hepatitis, worsened with haemorrhage and some indication of kidney failure, the Royal Free Hospital, London, announced.

Martial law move

Martial laws imposed in Turkey for two months in December after riots in the south, are to be extended for a further two months pending Parliamentary approval, Premier Bulent Ecevit said.

New Bhutto plea

Pakistan Supreme Court meets today to consider a last-ditch plea by defence lawyers to stay the execution of former Prime Minister Zulfikar Ali Bhutto.

Executive freed

Gunmen kidnapped a Basque executive in the town of Baracaldo, then freed him two hours later after shooting him twice in the legs, police said.

Callaghan writ

Mr. James Luke Stone, of Waltham Cross, Herts., has issued a High Court writ against the Prime Minister claiming damages for alleged negligence in dealing with complaints made to him by letter last May.

Treasury bequest

Miss Alice Sutcliffe, of Salkeld St., Rochdale, Lancs., who died in November leaving £8,046 gross (£7,746 net), has bequeathed all her property to the Treasury to reduce the national debt.

Chad fighting

Rebel Chad forces supporting Prime Minister Hissene Habre appeared to control most of the capital city of Ndjamena after 24 hours of street fighting with troops loyal to President Felix Malloum, according to French officials.

Briefly . . .

French film director and producer Jean Renoir has died in Los Angeles, aged 84.

Air-sea search was called off last night after a light aircraft with four people aboard disappeared off the South coast.

Irish Foreign Minister Michael O'Kennedy is due to meet Northern Ireland Secretary Roy Mason in London today. Page 8; Editorial comment, Page 20

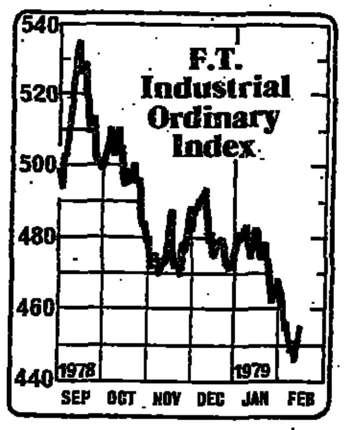
Sir Israel Brodie, a former Chief Rabbi of the British Commonwealth, died in a London hospital, aged 83.

Spanish tugs tried to refloat the Greek tanker Polys which ran aground in Cadiz on Sunday.

BUSINESS

Equities up 9.3; Gilts stronger

● EQUITIES improved steadily during the day and the FT ordinary index closed 9.3 up at the day's best at 455.4.



● GILTS attracted broad investment, with gains of ½ in longs. The Government Securities index closed 0.29 up at 65.18.

● STERLING fell 5 points to $2.0035 but its trade-weighted index remained unchanged at 63.5. The dollar's depreciation narrowed to 8.4 per cent (8.7).

● GOLD fell $3¼ to $241⅞ in London.

● WALL STREET was 5.98 up at 830.82 just before the close.

● BUNDESBANK is expected to announce details today of the second U.S. government issue of DM-denominated treasury notes. Back Page

● SAUDI ARABIA'S 100 per cent takeover of Aramco is expected in the near future, but the deal has not yet been formally signed.

● INDUSTRIAL OUTPUT level has changed little since the sharp rise in the early summer, official figures up to the end of 1978 show. Strikes in the motor industry were largely responsible for the depressed level of output towards the end of last year. Back Page

● MINET HOLDINGS, an approved Lloyd's insurance broker, is planning to merge its insurance business with Corroon and Black, one of the top six U.S. insurance brokers. Back Page

● EUROPEAN Court of Justice has upheld the decision by the Brussels Commission that Hoffmann La Roche, the Swiss pharmaceuticals company, had abused its dominant position in the market for bulk vitamins, but has reduced the fine imposed by Brussels by a third to DM 732,000 (£197,000). Page 3

● STEEL demand in Britain will not regain the levels of the early 1970s until 1985, according to the NEDC iron and steel sector working party. Page 6

● ROAD HAULAGE rates will have to rise by at least a third by the end of the year because of 22 per cent pay awards to drivers and the prospect of annual inflation of 15 per cent, the group managing director of British Road Services has said. Page 6

● BL CARS Longbridge plant strike leaders are expetced to recommend a return to work today to the 20,000 strong workforce. Back Page

COMPANIES

● DALGETY reports a 22 per cent rise in pretax profits for the six months to December 31 from £10m to £12.2m on turnover of £438m (£366m). Page 22 and Lex

● MFI Furniture Centres reports a £4.3m rise in pre-tax profit to over £6m for the half year to November 25 and announces a capital reorganisation that will free dividends for two years. Page 22 and Lex

TUC is expected to approve charter on strikes today

BY CHRISTIAN TYLER, LABOUR EDITOR

The TUC is expected to endorse today a detailed charter for good industrial relations behaviour, including more discipline in using the strike weapon and picketing, and a more tolerant line on the closed shop.

If the charter, comprising three sets of guidelines, is adopted by the TUC general council at a Downing Street meeting with Cabinet Ministers this morning, the Prime Minister will unveil it in the Commons this afternoon.

The guides say that strike action is a last resort and should not be used before careful consideration of its impact on others. They also say it is expensive.

Strike ballots are strongly recommended (many unions already have them), but are left to the unions' discretion.

Safety cover should always be provided, says the charter, and picketing should, "save in exceptional circumstances," be confined to the premises of employers in dispute, or those of their suppliers and customers. Picket-line behaviour and organisation is spelt out.

The guides stress the need for periodic reviews of negotiating machinery, and proper disputes procedure. The TUC reprints its model "status quo" clause. Agreements should run their full course before strike action is taken, they say.

Pointing out that many closed shop agreements are much less rigid than is often suggested, the TUC urges unions to remember that conscientious objectors and "certain categories of workers" can be excluded from them.

Unions should use the independent review committee, set up under TUC auspices, to hear complaints from workers who have lost their jobs for refusing to join or who have been expelled from unions.

The CBI yesterday launched a fresh attempt to gain support for its proposed new economic forum comprising the Government, MPs, and other interests. The forum would stage an annual public debate on what the country could afford on wages.
Page 6

It says that of about 5m workers covered by closed shops, less than 1m are in pre-entry shops—where a worker has to be a union member before getting the job.

Mr. Callaghan is likely to claim that the code of conduct answers the allegations of the Opposition and of business leaders during the recent spate of strikes that the unions have abrogated their responsibilities or lost control of their members.

One of the political consequences of the agreement, worked out in a hasty series of meetings over the past fortnight, could be to identify the Conservatives more closely still with the use of legal remedies for industrial indiscipline, and Labour with self-regulation.

To some extent, notably in their decision to recommend secret balloting for strike decisions, the TUC and Government have seized the platform of Conservative moderates like Mr. James Prior, Shadow Employment Secretary.

The joint statement, called The Government, the Economy and Trade Union Responsibilities, is much less precise on the future of pay bargaining, and, at the TUC's insistence, says virtually nothing about the current wage round.

It develops the idea of a "national assessment" of economic prospects by the Government and both sides of industry, to be conducted each year before Easter. But the machinery for this, as for some kind of pay comparability between public and private sectors, remains to be worked out in coming months.

Details Page 24
Editorial comment Page 20

PLO cannot be ignored in peace talks—Dayan

BY DAVID LENNON IN TEL AVIV

MR. MOSHE DAYAN, Israel's Foreign Minister, yesterday conceded that Israel cannot ignore the Palestine Liberation Organisation in future peace negotiations.

A major political row was brewing last night over his statement, which appears to be a radical departure from the position of successive Israeli governments.

They have condemned the PLO as a terrorist organisation and have rejected efforts to involve it in peace talks.

Mr. Dayan told a meeting of Jewish war veterans in Jerusalem that, while the PLO was not a state: "We cannot deny their position or their value in the conflict, eventually in order to reach agreement."

Mr. Menahem Begin, the Prime Minister, said later that Mr. Dayan had not intended to imply that Israel recognised the PLO. It was "a murderous organisation" and Israel would never negotiate with it.

Members of the Knesset (Parliament) called for an urgent debate on the statement, with members of the ruling Likud bloc saying that the Minister had disqualified himself from leading Israel's team at the reopened Camp David peace negotiations next week.

Some called for his resignation, while left-wing politicians praised the Minister's statement.

The Foreign Minister said that the PLO was not only a terrorist organisation—it was also a civilian one, representing Palestinian refugees.

"No one believes, and certainly we don't think, that a final settlement of the conflict in the Middle East can be achieved without a settlement of the refugees," he said.

Officials at the Foreign Ministry, clearly taken aback by the statement, tried to play down the significance of Mr. Dayan's remarks.

Meanwhile, Mr. Ezer Weizmann, the Defence Minister, offered Israel's co-operation in a new Western defence alliance in the Middle East when he welcomed Mr. Harold Brown, the U.S. Defence Secretary, who arrived yesterday.

Israel is the third stop in his four-nation tour of the Middle East which is designed to reassure Western states of U.S. support for their security needs in the wake of the revolution in Iran.

The Israeli Minister called on the U.S. for "a show of leadership, courage and initiative."

Israel is worried that the U.S. efforts to re-organise the Western alliance in the region may lead to greater reliance on Saudi Arabia and Egypt.

There is also a fear that the arms which Washington intends to supply to pro-Western Arab states may upset the military balance.

Norcros raises tile group offer

BY JOHN MOORE

THE BATTLE to take over H and R Johnson-Richards Tiles was renewed yesterday when Norcros, the diversified industrial group which owns Hygena furniture, launched an improved offer for the group.

Norcros had been planning to merge with Armitage Shanks, the bathroom fittings group, a link-up which would create a concern with annual sales of over £100m and pre-tax profits of £11.5m.

The new bid, a mixture of cash and shares, places a value of £32m—over £3m more than the original bid—on Johnson-Richards. The company controls about 60 per cent of the ceramic tile market.

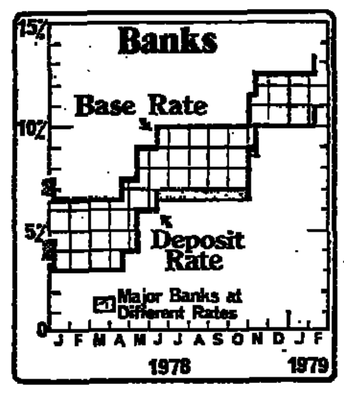
To help support its attack Norcros has made a profit forecast for the current year ending March 31, 1979. Its taxable profits are promised to be about £17m, compared with £14.5m in 1977-78.

Although Norcross has raised its bid, the Johnson-Richards Tiles board intends to resist it.

But major shareholders in the tile company—namely London Brick with a 10 per cent stake, and other family holdings of ex-directors whose holdings add up to about 13 per cent—have been won over by Norcross and plan to accept the new bid.

Johnson-Richards said yesterday that a takeover of the group would be "gravely damaging" to its business. "This is a feeling which has the support not only of the company's unions and employees, but also of its customers. Any takeover by Norcros is totally unacceptable."

Last night, Norcros shares stood at 82p, up 2p, while Johnson-Richards shares were down 1p at 134p. Norcros has been advised by Hill Samuel.



Clearing banks lift base rate

By Michael Lafferty, Banking Correspondent

THE CLEARING banks raised their lending base rates by 1 per cent yesterday to 13½ per cent. The increase is ½ per cent less than had been feared after the Bank of England's decision last week to raise minimum lending rate 1½ per cent to 14 per cent. Rates for bank deposits have also increased by 1 per cent to 11 per cent.

The clearing banks delayed taking action until yesterday to see how interest rates in the Money market would settle down. The move was made when it became clear on Monday and yesterday morning that three-month inter-bank rates, the key Money market yardstick, was easing back from the level of nearly 14 per cent reached last week.

The inter-bank rate closed yesterday around 13⅝ per cent, implying a cost of funds to the clearers of just over 14 per cent. The banks, in turn, can now lend to "blue chip" companies at 14½ per cent, leaving an adequate margin for profit.

The about-turn in the trend of interbank rates mainly reflects an improvement in sentiment following the rise in MLR and the Government's demonstration of its commitment to its monetary target.

The lower-than-expected base rate rise should ease pressure on the building societies to increase the cost of home loans.

Mr. Ralph Stow, chairman of the Building Societies Association, said that the move showed the societies were right to leave their interest rates unchanged last week. "I personally am still hopeful that the societies will

Building society figures Page 8
Continued on Back Page

£ in New York

—	Feb. 9	Previous
Spot	$2.0010-0025	$2.0000-0001
1 month	0.56-0.51 dis	0.56-0.51 dis
3 months	1.67-1.63 dis	1.66-1.61 dis
12 months	5.39-5.19 dis	5.30-5.10 dis

Left-wingers challenge Ayatollah

BY ANDREW WHITLEY IN TEHRAN

THE LEFT-WING challenge to the Ayatollah Khomeini's attempts to establish an "Islamic Republic" yesterday only two days after the overthrow of the Shah's regime.

The Fedayin-e-Khalq, or Strugglers of the People," the main Marxist group, which does not share the religious leader's idealistic vision, claimed responsibility for the capture of Dr. Shahpour Bakhtia, the former Premier—and the last to be appointed by the Shah.

Last night Dr. Bakhtiar was said by the Ayatollah's headquarters to be "in the custody of the Government." He may be put on trial.

A spokesman also said that General Manoucher Khosrodad, one of the most fiercely royalist Iranian officers and former commander of the Army's helicopter-borne forces, had been detained.

The national radio, renamed the "Voice of the Revolution," yesterday reported that General Khosrodad, a noted hardliner, and two of his aides had taken off from the central city of Isfahan for an unknown destination in an apparent attempt to flee the country.

Yesterday, the Ayatollah appeared in person in television to declare the buying and selling of arms as contrary to Islamic faith. He appealed for solidarity in all classes.

The Left seems intent on asserting its power to influence Khomeini's effort to remould Iran.

In a statement yesterday to Mr. Abolhasan Ban Sadr, the religious leader's radical aide who is expected to be given charge of financial and economic affairs, the Fedayin-e-Khalq announced its agreement to take part in a top-level committee with the shadowy Islamic Revolutionary Council to deal with the problem posed by the estimated 70,000 firearms in "private hands."

Our Foreign Staff adds: The British Government yesterday recognised the new regime in Iran. The Foreign Office said Mr. John Graham, British Ambassador, had been instructed to make contact with the Dr. Bazargans Government and to say that the UK looked forward to establishing good relations with the new Administration on the basis of friendship and mutual respect.

Other developments Page 4

Dow moves to freeze Iran bank accounts

BY JOHN EVANS

DOW BANKING Corporation, the Swiss-based subsidiary of Dow Chemical, has effectively frozen the New York and London accounts of a small Iranian commercial bank—the first such action through Western courts since the Iranian economy was brought to a virtual standstill.

Dow Banking claims that the Iranians Bank is in default on an interbank deposit in U.S. dollars extended recently by Dow. Citibank of New York retains a small stake in the Iranians Bank.

Dow Banking in Zurich yesterday would not discuss the case in detail, but confirmed: "We have filed a suit to block the Iranian Bank's account at Chase Manhattan Bank in New York, as well as at a number of other banks, including London accounts."

The Iranians Bank is claimed to be in default on both interest and principal payments. The amount is undisclosed.

Dow originally gave the Iranians Bank an extension on the deposit, after it became clear that the latter was not honouring the transaction. Despite this, the bank still failed to make payments, and after three weeks Dow decided to take legal action.

There are also unconfirmed market reports in the U.S. and European financial centres that similar claims by banks may be made shortly.

Dow's court action may trigger more claims as many Western banks privately indicate that the servicing of their commercial transactions with Iran has been delayed or even halted in recent weeks.

The flood of cancellations of western contracts, including up to $15bn in defence contracts, has increased greatly the exposure of the major banks financing business in Iran.

Continued on Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury 12pc 1983 £23¾	+	5/16
Treas. 12½pc '03-05 £89½	+	½
Allied Colloids	93	+ 5
Assoc. Book Publishers	305	+ 15
BAT Inds.	295	+ 7
Beecham	613	+ 21
Brown (J.)	390	+ 8
Cawoods	162	+ 8
Channel Tunnel	90	+ 12
Costain	154	+ 12
Distillers	207	+ 5
Eurotherm	265	+ 15
GEC	320	+ 9
Glass & Metal	99	+ 5
Glaxo	475	+ 12
ICL	443	+ 13
ICI	356	+ 10
Lucas Inds.	270	+ 8
MFI Furniture	234	+ 19
Manders	126	+ 6
Marks & Spencer	86	+ 3
Melody Mills	118	+ 8
Midland Bank	360	+ 10
NatWest	290	+ 10
Prince of Wales Hotels	109	+ 9
Reckitt & Colman	457	+ 12
Taylor Woodrow	380	+ 17
W.G.I.	127	+ 9
Wellman Eng.	50	+ 5½
Wigfall (H.)	270	+ 23
Wilmot-Breeden	80½	+ 4½
Witter (T.)	57	+ 8
Siebens (UK)	296	+ 20
Highlands & Lowlands	121	+ 5
Petaling	225	+ 10
Trans. Cons. Land £15¾	+	½

FALLS

Nottingham Manfg.	120	− 8
Thermal Syndicate	88	− 4
M.I.M. Hldgs.	251	− 9
Mount Lyell	62	− 6

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FEATURES

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EUROPEAN NEWS

1978 takes heavy toll from insurance

By John Wicks in Zurich

THERE WERE more natural catastrophes in the world during 1978, than in most years, according to a survey published by the Swiss Reinsurance Company, of Zurich. The highest death tolls were 26,000 during the Iranian earthquake of last September and about 15,000 from monsoon rains in northern India during the same month.

In the U.S. there were numerous tornadoes—four of which led to insured losses of $50-$80m each—though none of them was comparable to those of the 1960s and the early 1970s. Insured damage of some SwFr 150m (£50m) resulted from the southern Swiss floods last August.

Marine insurance registered a great increase in the number of losses over previous years, the report states. Major claims included those on the "Amoco Cadiz" tanker grounding ($55m), the sinking of the German freighter "Muenchen" ($55m) and the fire on board the container ship "Neubau 905" in Rozenburg ($50m). Rising repair costs led more often to total losses.

In aviation insurance, loss frequency was at about 1977 levels, although the collision in San Diego of a Boeing 727 and Cessna, with 144 dead, was the most serious accident ever recorded in U.S. air space and led to an $8m hull loss and a $51m liability loss. Over 200 people died in two further major crashes.

Industrial fire insurance was less affected by claims than in 1977. The largest single claims were a fire resulting from a burst pipe in a Saudi-Arabian refinery ($53.7m) and a fire in a South African uranium ore dressing plant ($46m).

FRENCH REGIONAL DEVELOPMENT

Guided free choice for industry

BY TERRY DODSWORTH IN PARIS

THE BRAVE new world of independent, innovative industry which has been so loudly proclaimed by the French Government over the past few months has been obscured by something much more familiar: more state handouts and more state-guided investment by the motor companies in the regions.

The scheme to create 11,600 jobs in depressed North Lorraine came as no particular surprise. Ever since the Government made it clear that it was set on a shake-out in the steel industry, it has been promising some sort of compensatory action. It even set up a special FFr 3bn (£350m) fund to help. But this does mean that the policy of brash competitiveness, as presented by M. Rene Monory, the Economics Minister, and his mentor M. Raymond Barre, the Prime Minister, is a little less categoric than it looks.

M. Monory sometimes sounds — and acts — like a French version of Mr. Edward Heath. He has no time for price controls, and is swiftly dismantling them. He wants to reduce government intervention in industry and open it up to international competition. He believes in independent initiative and the play of market forces. If industry is given enough freedom, he says, it will seek out the growth sectors for itself.

The trouble with this policy is that, even if ultimately successful, it is likely to leave a jobs gap in the short term as the purge on the decaying sectors works through. French companies have not been investing heavily and, apart from some sectors of the chemicals and motor industries, the growth areas are not emerging clearly.

The situation in the North demonstrates this problem. The steel industry alone, having lost 12,000 jobs in the last two years, is to shed another 20,000 starting from this March. In some of the old steel towns, unemployment is expected to reach 30 per cent.

Hence the Government's attempt to pump new vitality into the North through its job creation plan. Broadly, this assistance takes two forms: cash spent by a new State finance agency called the Special Fund for the Adaptation of Industry (FSAI), and more assistance to develop the transport and educational infrastructure.

The FSAI was created last September with the specific aim of helping four areas: Lorraine, the Valenciennes region in the North, the lower Loire, and east Marseilles. Any company, French or foreign, is eligible for the assistance so long as it creates more than 50 jobs.

The money comes in two forms—straightforward subsidies, which must not exceed more than 20 per cent of the fund's total outlay, and 20-year loans which carry a mixture of fixed interest (3-5 per cent), and a rate tied to results. In the 1978-79 period this fund has been allocated FFr 3bn.

These measures are clearly not those of a Government which is abandoning industry to its own resources, or even taking up the position of disinterested referee. In fact, what is emerging is a more complex system.

M. Andre Giraud, the Industry Minister, underlined the role of the State the other day when he said that it would necessarily have to play a big role in the development of the industries of the future

He went on to argue that the development of these sectors must be accompanied by the adaptation of traditional industries to lower volumes and more sophisticated products, as the developing world takes over the market, while the stronger sectors of industry seek a more international base.

Meanwhile, a great deal of reliance for solving the North's problems is being placed in the medium-term on the motor industry. The biggest of the newly-announced investment schemes will be a Peugeot-Citroen gearbox factory at Valenciennes costing FFrs 1.5bn and creating 2,500 jobs.

Along with another Peugeot-Citroen factory in the Ardennes, plus the development of two of the joint Renault-Peugeot components factories and the establishment of a General Motors battery plant, the motor industry will create about 6,000 jobs.

Some French critics have shown considerable scepticism about these plans. Does Peugeot-Citroen, absorbing new capacity in the shape of Chrysler Europe, and faced with problems in Iran, really need all this new investment? And is the motor industry still a reliable growth sector?

The French Government must be asking itself similar questions — which just goes to show that it has not managed to disentangle itself as yet from the rough and tumble of the market place.

Ford team in Lorraine talks

BY OUR PARIS STAFF

THE FRENCH campaign to bring the planned new Ford assembly plant to its declining steel-making area of Lorraine gathered pace yesterday with the visit of a top-level Ford of Europe delegation to the area.

The Ford team held wide-ranging talks with groups of industrialists, trade unionists and regional planning authorities, but is not expected to make any decision on the investment until the end of March.

Despite indications that the indigenous French vehicle manufacturers—Renault and Peugeot-Citroen—are not keen on new home-based competition, the Government and local authorities appear to be putting a great effort into the negotiations.

The development of a new factory in Lorraine could become a vital factor in damping down the serious social unrest in the region. This has shown signs of building into an explosive mixture in recent weeks, with extensive rioting against the proposed cutbacks and redundancies in the steel industry.

Because of these industrial problems, Ford has been pointed in the direction of the Longwy area, where the cuts in the steel industry are biting deepest. It is argued that there will be a sufficient pool of labour here for the 8,000 or so men needed in a modern car assembly plant of the type Ford is planning, while the surrounding region has sufficient mechanical skills to provide the necessary component supplies.

It is still believed in the industry that Austria, which along with Spain, has also been approached by Ford, has the best chance of winning the new plant.

The Austrians are said to be willing to give more extensive grants towards the $1bn-$1.5bn investment than the French, who will be constrained to some extent by Common Market regulations.

The plant is designed to assemble the replacement Escort model, called the Erica, for which the engine will be made at the new Bridgend site in South Wales. It is due to be launched in 1981.

USSR and Yugoslavs row over Cambodia

By Paul Lendvai in Vienna

THE VIETNAMESE invasion of Cambodia has accelerated the deterioration of Soviet-Yugoslav relations.

Despite President Brezhnev's recent personal message to Marshal Tito, polemics between the Soviet and Yugoslav mass media have become even more embittered. Several times during the past two weeks Moscow television and the Soviet Communist Party newspaper Pravda have accused the Yugoslav mass media of spreading "untruths" and acting as "lawyers" for the inhuman dictatorship of the former Pol Pot régime.

There are two fundamental and inter-related points behind the extremely firm Yugoslav position—the ominous precedent of the foreign invasion of a sovereign country and the danger posed to the future of the non-aligned movement by the attack on one non-aligned and socialist state by another.

Imposing

Both points directly affect the security of Yugoslav which since the break with Stalin in 1948 has carved out for itself a very special position between the blocs as a pace-maker of non-alignment. The Yugoslavs are aware of the growing danger of external meddling after Tito's death.

This is why Mr. Dusan Dragosavac, an influential member of the Yugoslav party presidium announced last week that acts of intervention like the invasion of Cambodia could not be justified by any kind of theory about "limited sovereignty."

Time and again the Yugoslavs have repeated that the character of the former Pol Pot regime is not at issue, but rather "the defence of generally recognised international principles according to which no single country (or group of countries) has the right (regardless of being socialist and non-aligned) to resort to force in imposing its system upon other countries."

Violence

As the prominent Zagreb Radio commentator, Mr. Milika Sundic put it, "when a great power occupies a small country on behalf of socialism and so-called proletarian internationalism, this cannot be a cause for celebration for any one in his right mind. This is violence of which socialism cannot be proud and which can hardly win over other people."

What the former Yugoslav Foreign Minister and Presidium member, Mr. Milos Minic called a "combination of Blitzkrieg and special warfare" in Cambodia is also seen by the Yugoslav leadership as an acute danger to the non-aligned movement as a whole. Marshal Tito, in his 87th year, is now touring the Middle East not just as the symbol of Yugoslav independence but also as the doyen of the non-aligned movement. The Cuban intervention in Angola and the Vietnamese invasion of Cambodia pose a threat to the very essence of the non-alignment concept, once symbolised by the triumvirate of Tito, Nehru and Nasser.

Non-aligned

At the first Belgrade summit meeting of the non-aligned movement 25 states were represented. Last summer at the Belgrade conference of non-aligned foreign ministers, 85 fully fledged participants (including the PLO) were present. Yet only seven months before the next summit which is scheduled to take place in September in Havana, the Yugoslavs are waging an all-out struggle to save the movement's original principles.

The split between Cuba, the host country of the forthcoming summit and Yugoslavia is so deep that after the recent Belgrade visit of the Cuban Foreign Minister, Sr. Isidoro Malmierca, not even the usual joint communique was published. The Cubans publicly and unflinchingly supported the Soviet-backed Vietnamese invasion of Cambodia while the Yugoslavs remained equally firm in their rejection of the Soviet bloc line.

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Foreign aid depends on further austerity measures in Turkey

BY METIN MUNIR IN ISTANBUL

INTERNATIONAL RESCUE operations to provide Turkey with aid are expected to start by May, according to foreign bankers in Istanbul. The bankers say they would like to see this help for Turkey in its economic crisis carried out under the umbrella of the Organisation for Economic Co-operation and Development.

But first, they say, Mr. Bulent Ecevit, the Prime Minister, will have to adopt the further strict stabilisation measures being demanded by the International Monetary Fund. Secondly, political terrorism must not reach dimensions which threaten to cause the fall of the Government. At present, Mr. Ecevit's propsects in both spheres are uncertain. .

He can expect funds from four directions:

1—The OECD secretary-general, Mr. Emile van Lennep, is co-ordinating a multinational emergency programme. After their decision in Guadeloupe to help Turkey, the four Western powers—Britain, France, the U.S. and West Germany—have asked the OECD to handle the operation.

Mr. Van Lennep is contacting OECD members and oil States, such as Kuwait and Saudi Arabia, on the aid they can offer.

The programme is aimed at providing "immediate aid," but Turkey's medium-term needs will also be taken into account.

These needs are extremely large. Mr. Ziya Muezzinoglu, the Minister of Finance said in an interview that Turkey needed "between $1bn and $1.5bn a year over the next five years."

2—Oil states are also being approached on Turkey's behalf by the Libyan Government, which is urging Arab states to set up an emergency fund for Turkey. Should the response be slow Colonel Muammar Ghaddafy the Libyan President, has promised quick Libyan credits which would later be incorporated into the Arab fund.

3—Foreign banks have promised a fresh money loan. Initially targeted at $500m this will almost certainly not surpass $400m. It is separate from the large-scale debt rescheduling now under way.

Over $6bn of debt is being rolled over or tidied up. Agreement has been reached between the Turkish Government and foreign banks on most categories of debt, though some uncertainty remains over how the estimated $1.5bn of arrears on unguaranteed suppliers' credits will be handled.

4—Least in money terms but most important of all, is the further credit tranches Turkey can hope for from the IMF. Last April, the Government signed a $450m agreement with the Fund, whose subsequent demands for austerity led to delays in the releasing of the second tranche last autumn. Now there are problems over the third tranche.

Mr. Ziya Muezzinoglu

The economic background is grave. Turkish industry is working at well under 60 per cent of capacity, unemployment has risen further and inflation is more than 60 per cent a year. The strains caused by this have helped fuel an increase of political violence; over 900 people are believed to have lost their lives last year.

Now the IMF is calling for a 30 per cent devaluation, though bankers in Istanbul say the lira's real value has fallen by over twice this. Mr. Ecevit is also being pressed to control wage increases, tighten control over central bank credits and revamp the state economic enterprises

Business optimism holds firm in France

By David White in Paris

THE OPTIMISTIC outlook of French business which began to show last autumn has held firm, in spite of an increasingly turbulent labour climate.

The tone of cautious optimism is backed up both by the latest monthly survey from the official statistics body, INSEE, and by the employers' federation in its February economic review.

The INSEE survey, which regularly sounds outs top managers, shows that industrial output is generally expected to maintain a moderate growth rate.

Order books are continuing to fill and "can now be considered normal." Export demand has for the past couple of months been stronger than home demand.

Production of capital goods is rising slowly, with marked differences between sectors. Consumer goods produced an upturn at the end of last year, and prospects are still held to be good, except for textiles, leather gods and household electricals which are expected to stagnate or drop slightly.

The CNPE employers' federation said that industrial expansion, which virtually halted in the middle of last year, had resumed and should continue at a moderate rate. But the harsh weather conditions had affected recent activity in the building industry, and public works and transport.

Reserves pact renewed

By David Marsh

IN A move to help cut the sharp growth of international liquidity, central bank governors of the Group of Ten major industrialised countries are understood to have reaffirmed their 1971 commitment not to place increases in their foreign exchange reserves on the Euromarket.

There have been signs that not all central banks in the group have been adhering to the undertaking, though the amounts they hold on the Euromarket are thought quite small.

The renewal, agreed during the governors' meeting in Basle this week, has been urged particularly by the West Germans, who feel that the overall growth in external currency holdings has contributed to recent foreign exchange unrest.

Holland eases credit curbs for small banks

BY CHARLES BATCHELOR IN AMSTERDAM

THE Dutch Central Bank is to continue to impose credit curbs for a further nine months although smaller banks will be given greater scope for expansion, the Bank has announced. Short-term credits and long-term credits not matched by long-term borrowing may rise by 9 per cent on the average level of credit outstanding in the final quarter of 1978, which was Fl 59bn (£14.7bn).

This represents a slight easing of the 8 per cent limit which has applied since April, 1978, and which ends on March 31. Under the new measure the large banks will limit growth to 8 per cent and allow the smaller banks, which do not have access to large numbers of savings and current accounts for funds, to take up the extra 1 per cent.

The credit limits, introduced in 1977, have been successful in limiting monetary expansion in the past two years while inflation has also been brought down. But it is still necessary to continue the curbs, the Central Bank said. The need to restore the stability of the balance of payments, which moved into deficit in 1978, was also an important consideration.

The Central Bank has tried to leave room for the banks to fund any improvement in the economy and to allow the demand for higher liquidity to be met entirely from domestic funds. Dr. Jelle Zijlstra, the bank's president, has also taken into account the large government borrowing requirement. Some short-term borrowing will be needed to finance this and thus lead to the creation of more liquidity, a Central Bank spokesman said. The Government has budgeted for a record deficit of Fl 16.2bn (£4bn) equivalent to 6 per cent of national income, in 1979.

The commercial banks will once again have to make interest-free penalty deposits with the Central Bank if they exceed the limits set. The penalty deposits were suspended in April, 1978 to allow the banks to adjust to the new definition of what long term borrowing was exempt from the credit limit. Savings deposits of two years and more were then counted as long-term borrowings for the first time.

The credit curbs are agreed after discussions between the Central Bank, the commercial banks and the post office giro authorities, although the banks have expressed reserves about the need for curbs in a sluggish economic climate.

OECD inflation rate falls

BY TERRY DODSWORTH IN PARIS

A REDUCTION in the rate of North American food price increases and weak commodity prices led to a marked decline in the OECD area's inflation rate in the last half of 1978.

According to figures published yesterday by the organisation, which groups the western world's industrialised nations, inflation went down to about 7 per cent in the last six months of the year from a summer peak of more than 9.5 per cent.

The trend was reinforced by strong currency appreciation in Japan, West Germany and Switzerland.

The overall price increase in the course of the year, comparing December with December, was 8.4 per cent. But taking the average between 1977 and 1978, the rise was 8.1 per cent, significantly below the average increase between 1976 and 1977 of almost 9 per cent.

In December, consumer prices in the area increased by 0.5 per cent.

The best performers on the basis of the December-to-December measurement were Switzerland with a 0.7 per cent rise, West Germany with 2.4 per cent, and Luxembourg with 3.4 per cent.

Turkey experienced runaway inflation at 63.4 per cent, and Iceland's rate stood at almost 47 per cent.

In Britain, the rate fell to 8.4 per cent, in Italy it was 11.6 per cent, in France 9.7, in the U.S. 9.0 per cent and in Japan 3.5 per cent.

Socialist call over Community spending

By Elinor Goodman, Lobby Staff, in Luxembourg

THE SOCIALIST group within the European Parliament yesterday called for an increase in MPs' control over both the size and the distribution of the controversial regional fund. The group, which is the largest single political grouping within the Parliament and includes Britain's Labour delegation, argued that an attack on regional inequalities should form a fundamental part of any Socialist party's campaign in the forthcoming direct elections for the European Parliament.

The size of this year's regional fund is currently the subject of an unprecedented tug of war between the Community's institutions. Yesterday the Socialist group made it clear that it supported the Parliament's challenge to the European Council even though some Socialist parties, like the British Labour party, are opposed to any increase in the Parliament's powers.

Last autumn the Parliament raised the value of the proposed regional fund by 480m European units of account (£320m) to 1bn EUA (£670m) despite the Council's insistence that the fund should not be increased. Yesterday the Socialist group said it would like to have seen an increase in the Council's proposed three year budget of over one-third.

Instead of the 1.85bn EUA proposed by the Council for 1978-80, the group said it would have prefered a regional fund of about 3bn EUA. Even this, it maintained, would have been quite a modest increase compared with the more than 9bn EUA which the Commission spent on agriculture last year.

In a booklet published yesterday, the group also emphasised its belief that EEC regional aid should be regarded as additional to national aid and not absorbed into national government programmes.

The whole principle of "additionality" is being raised by a case involving a Scottish company which has been taken up in Luxembourg by Mrs. Winnie Ewing, the Scottish Nationalist MP. She claims that the experience of a Montrose company, James Mills, shows that the British Treasury is sitting on funds which the EEC has agreed should go to help industry.

Portuguese strike leaders lose jobs

BY JIMMY BURNS IN LISBON

THE PORTUGUESE Government yesterday dismissed 18 leaders of the nationwide telephone strike and threatened to suspend many more unless the men went back to work.

The country's conservative non-party Government did not carry out an earlier threat to bring in troops to get the situation back to normal. But the Government's actions so far have been bitterly criticised by the Communist dominated Intersindical trade union which claims to control 80 per cent of Portuguese labour.

The eight-day strike by the 10,000 telephone workers is making it difficult for the Government to fulfil its February 15 deadline for the submission of the 1979 budget and its short-term economic plan.

After a unanimous decision by the telephone workers to continue the strike, Intersindical accused the Government of using the current flood disaster to turn public opinion against the strikers. Trade union leaders described the strike over a 19 per cent wage increase as "realistic," indicating that the Government will have difficulty holding salary increases to 18 per cent this year.

Government officials said yesterday the disruption of the country's telephone system was a purely political gesture when Sr. Carlos Mota Pinto's Cabinet was facing a crucial parliamentary test over its economic plans and was negotiating with the IMF.

Meanwhile, the effects of recent torrential rain spread throughout the country. Lisbon's water supplies were cut off yesterday forcing many schools to close temporarily. Reservoirs have been flooded and the health ministry has declared tap water unsafe.

European Court upholds Roche judgment

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Court of Justice has upheld a judgment by the Brussels Commission that the Swiss pharmaceuticals giant, Hoffmann La Roche, abused its dominant position in the market for bulk vitamins.

However, the court yesterday ruled that the Commission's fine of DM 1.098m (£297,000) should be reduced by a third to DM 732,000 because the Commission's case had not been sufficiently proved regarding one of the seven vitamins involved.

In its original decision, in June 1976, the Commission decided that Roche breached Article 86 of the Rome Treaty by abusing its dominant position in supplying vitamins A, B2, B6, C, E, biotin (H) and pantothenic acid (B3) to the EEC's 22 largest bulk buyers. Roche has been cleared on its commercial activities relating to vitamin B3.

The European court's decision had been foreshadowed last September by the Advocate General's recommendations on the appeal that Roche had lodged following the Commission's decision. The Advocate General considered that the Commission's analysis of the Swiss multinational's market practices — which centred on "loyalty bonuses" — was well-founded in all cases but that of vitamin B3.

He suggested that the Commission's fine should therefore be amended.

The case against Roche, which was established when internal documents were passed to the Commission by a company employee, was that it had secured market shares in vitamins amounting in some instances to 95 per cent. To do so it had concluded exclusive and preferential contracts to hinder fair competition.

John Wicks adds from Zurich: Commenting on the decision yesterday, the Swiss company drew attention to the fact that the Advocate General had called for the complete rescinding of the fine. He contended that Roche could not be accused of criminal negligence in view of the unclear legal situation.

The company considers that the fine should consequently have been quashed owing to the absence of negligence on its part. "As it is, the decision has no further consequences for Roche because the contracts objected to were already cancelled at the beginning of the proceedings."

Guy de Jonquieres adds: The European Commission plans to set up before the end of this year a special commitee to study pricing policies in the European pharmaceuticals industry.

Jenkins urges action on EEC farm surplus

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

MR. ROY JENKINS, President of the European Commission, warned yesterday that the imbalances in the EEC's agricultural markets were even more serious now than a year ago and made a price freeze for the coming year essential.

Surpluses, especially in the dairy sector, were placing an "intolerable" strain on the Community budget. As long as they continued to exist, the EEC must pursue a rigorous price policy and take other measures to bring them under control.

Failure to take the necessary action would have dire consequences. The alternatives would be even more unpopular with the Community's farmers than the problems of high prices and expensive surpluses were with consumers today.

Presenting the Commission's programme for the coming year to the European Parliament, he expressed confidence that the EEC would be able to make progress this year towards the reform of its farm financing arrangements, notably by curbing the creation of new monetary compensatory amounst (MCAS). This was despite the renewed failure by EEC Agriculture Ministers on Monday to find any solution to the continuing dispute over MCAS, which has been holding up the launch of the proposed European Monetary System since the beginning of the year.

He also hoped that oneoce the EMS had started it would create an economic climate in which MCAs, used to cushion the impact on EEC farm trade on changes in national exchange rates, could be eliminated in an orderly manner.

But he warned that this process must not be allowed to compromise the Commission's price policy or block its objective of restoring balance to EEC agricultural markets.

Much of Mr. Jenkins' address consisted of a broad survey of the coming year, with predictable references to the importance of next June's direct elections to the European Parliament, the completion of EEC entry talks with Greece, and the need for greater economic convergence within the Community to buttress the planned EMS.

But it contained little in the way of fresh proposals for action and made only passing mention of the problems of unemployment and economic disparities between EEC regions.

These omissions drew criticism from a number of Euro-MPs, notably on the Socialist benches.

Mr. Roy Jenkins

IRAN UNDER THE AYATOLLAH

Grappling with the economic crisis

BY SIMON HENDERSON IN TEHRAN

MR. AMIR ENTEZAM, Iran's new deputy Prime Minister for Public Relations said yesterday that the Government would act immediately to sort out the country's economic crisis. It was, if anything, an enormous understatement of what needs to be done. Iran, formerly the world's second largest oil exporter, has not sent any abroad for nearly two months and other exports have been held up by a strike by customsmen in support of Ayatollah Khomeini, the architect of the new Islamic republic.

Aside from the shutdown of businesses and collapse of external trade, there is also a danger of a breakdown in food distribution and the combined economic and political hazard of huge unemployment.

It has always been recognised as a failing of the Shah's regime that agriculture had fallen behind the country's advancement to the point where Iran was no longer self sufficient, needing to import 25 per cent of its food. That process has been disrupted by the revolution, although until last week imports of frozen meat and live sheep from Romania and Australia were still being allowed through the ports. Reserves of meat are still a healthy three or four months. Grain imports are also arranged until the end of March.

A temporary surplus of chicken and eggs has developed. Farmers have been killing their chickens because they can no longer feed them owing to a cut-off in feedstuff imports. But this surplus should change into a shortage within a few weeks unless the new Government takes action.

The danger is that another petrol shortage will hit distribution. As it is, the supermarkets are usually out of dairy food and meat. Fresh fruit and vegetables are in short supply and expensive. The bazaar in Tehran—an important distribution as well as retailing centre—remains shut and most small food stores in the centre of Tehran have their shutters half closed.

As for unemployment, this was estimated at 3.5m or 35 per cent of the labour force even before every able-bodied man took off at the weekend to become a revolutionary fighter. Hardest hit was the construction sector but industry and services were also badly affected.

Various strikes have ended since the change in government, and telex services with the rest of the world are now operating normally. But the banks remain shut and civil servants seem to be waiting for a summons from their new ministers before reporting for work.

Apart from ending strikes the success of any economic revival seems to depend on a resumption of oil exports. Getting the oil moving would generate a necessary inflow of cash, and would also revive international confidence.

For the moment oil production remains at around 600,000 barrels a day which is not even enough to meet domestic demand of at least 800,000. A pessimistic note is that all offices of the National Iranian Oil Company were closed yesterday and callers were told to come back on Saturday. The spirit of the revolution has yet to be transformed into the energy to build an Islamic Republic.

Victor Mackie adds from Ottawa: The Canadian Government has an emergency plan to ration gasoline and fuel oil if the trouble in Iran causes further shortages in world supplies, Mr. Alistair Gillespie, the Energy Minister, told the Commons.

Mr. Gillespie said a worsening shortage would oblige Canada to cut back oil imports as part of an international agreement to share available supplies. "I don't think at the present moment that it is any more than a possibility. However, just in case, we have a contingency plan," he said.

Rhodesia vows crash vengeance

By Tony Hawkins in Salisbury

WHILE THERE is still no official confirmation that the Air Rhodesia Viscount airliner with 59 people aboard was shot down by a Patriotic Front guerrilla missile, Rhodesian transitional government ministers made it clear yesterday that they had few doubts as to the cause of the air crash.

In a statement, Mr. Ian Smith, the Prime Minister, said "on the evidence available it seems clear that the crash was caused by terrorist action." Other Govrenment ministers and the black Nationalist parties within the interim Government lashed out at Mr. Joshua Nkomo.

Mr. Hilary Squires, Minister of Combined Operations, called for "totally just and warranted retribution"

Mr. Bill Irvine, joint Transport Minister and his colleague Mr. James Chikerema both sharply criticised the ZAPU wing of the Patriotic Front. Mr. Irvine said he would like nothing better than to be able to take Mr. James Callaghan and his cabent colleagues to "see what these murderers have done."

Mr. Chikerema said that if it were proved that the Viscount was shot down by Nkomo guerrillas then "Nkomo should not weep when we retaliate."

Bhutto court plea

By Chris Sherwell in Rawalpindi

AS PART of a last attempt to save his life, lawyers for Mr. Zulfikar Ali Bhutto, Pakistan's condemned former Prime Minister, has asked the country's Supreme Court to issue a stay order to prevent an early hanging. Execution is theoretically possible anytime from midnight tonight.

Battle splits Chad capital

BY MARTIN DICKSON

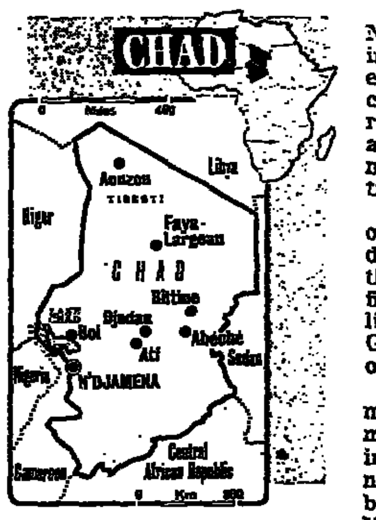
FIERCE FIGHTING was continuing yesterday in N'Djamena, the capital of Chad, between forces loyal to President Felix Malloum and the followers of M. Hissene Habre, his Prime Minister of five months and a former guerrilla leader.

Some 24 hours after an apparent coup attempt by M. Habre, neither side appeared to be in control of the city. Reports reaching London suggested that M. Habre's forces, on the defensive overnight, were fighting back strongly and appeared to control half the city.

French troops garrisoned in N'Djamena, who could intervene decisively in the battle, were apparently remaining in their barracks.

The violence, the culmination of several months of mounting tension between the two leaders, began early on Monday morning.

Military officials in N'Djamena said presidential forces went on the offensive after nearly five hours of shelling by M. Habre's men, who apparently took over the national radio station before it was burnt down.



M. Habre is believed to have had up to a thousand armed followers in N'Djamena, under the agreement which brought the former leader of the northern Frolinat guerrilla movement into the Government last August.

The fighting puts an end to the so-called Government of National Reconciliation, set up in August with the aim of eventually ending the 13-year civil war between Frolinat, representing the Moslem North, and the Government in N'Djamena, representing the Christian South.

Since M. Habre represents only one section of the sharply divided Frolinat, his entry into the Government did not end the fighting. Other sections of Frolinat, notably that led by M. Goukkouni Woddeye, hold just over half of the country.

Although the August agreement did lead to substantially more Northern representation in the Government, long dominated by southerners, relations between President Malloum and M. Habre had deteriorated badly by October. Since then, the Government has been virtually paralysed. A showdown between the two men had become only a matter of time.

Despite M. Habre's offensive, the advantage would still appear to lie with President Malloum, since the French Government will not want to see him fall.

China clash 'almost unavoidable'

BY RICHARD NATIONS IN BANGKOK

THE CHINESE military build-up on the Vietnamese border has now gone so far that a growing number of diplomats here think escalating border incidents—and possibly a limited Chinese incursion—are almost unavoidable.

The Chinese now have elements of four armies—180,000 troops—massed along its 540-mile border with Vietnam, heavily reinforced with supporting detachments of tactical air and armour, which, analysts here say, could easily overwhem Vietnam's northern defences and strike as deep as Hanoi or the port of Haiphong, just 100 mies south.

Vietnamese forces are stretched too thin to allow significant reinforcement of its ground defences on the northern border. Authoritative military analysts here say that now 20 of Vietnam's 25-main-force army divisions are tied up on the Cambodian front. Another two are in Laos. This leaves hardly three divisions, plus militia, for defence of the north.

Vietnam, however, has managed to strengthen its air defences in the north with SA-3 Soviet-built "Goa" anti-aircraft missiles and squadrons of MiG-21 fighter craft shifted up from the South.

The Soviet Union also has put on a show of support for its ally, Hanoi, by sending a fleet of nine military ships into the Gulf of Tonking last week. But the fleet contains only one frigate and a Kresta-I class guided missile-carrying cruiser, with the other ships designed only for intelligence-gathering or support.

REGIONAL PRESSURES INCREASE IN INDIA

A growing challenge to New Delhi

The emergence of governments of different complexions in India's 22 states has opened up rifts with the central government. As K. K. Sharma reports from New Delhi, the root of the problem lies in differences over regional growth policy.

INDIA'S ambitious sixth five-year plan, involving massive Government investment of Rs 690bn ($86bn), should have formally been launched in April 1978. Almost a year later, there is still no sign that its draft will be finalised and approved.

The plan, as drafted by the Planning Commission, has stumbled over dissent from a majority of the country's 22 states which form the National Development Council, the supreme economic decision-making body, which has to approve the plan before it can be implemented.

The states have no real quarrel with the stalled plan which seeks to shift emphasis to rural development and increased employment opportunities by encouraging small industry. But they are demanding a larger share of the plan, together with a bigger slice of national revenues for its implementation, even though the Planning Commission's draft gives them more than they had ever had before.

When the draft was originally presented to the National Development Council last March, it withheld formal approval until the contentious matter of financial relations between the central Government in New Delhi and the states was sorted out.

Since then, the Council's special committee and working group has met several times without settling the matter. The quarrel has been reduced to the sharing out of a relatively paltry Rs20bn that has to be divided among the states in the remaining four years of the plan. But the bitterness aroused has severely-strained relations not only between the central Government and the states but also among the states themselves.

This has given rise to new pressures that were unknown until the last couple of years. For nearly three decades, the National Development Council was a mere rubber stamp. The chief Ministers of the states, who are its members, met periodically and dutifully endorsed the draft of various five-year plans prepared by the Planning Commission, of which the Prime Minister is the head.

There was never any vote, no real need to adopt a formal resolution. On the rare occasion where some chief Minister felt he was getting an unfair deal, the matter was sorted out in behind-the-scene talks and treated as a family quarrel not to be aired in public.

That was when the Congress ruled the country without a break from 1947 until Mrs. Indira Gandhi's defeat in 1977. Now, however, with the emergence of governments of different complexions in the 22 states, ruled mainly by regional and local parties, the National Development Council has acquired a formidable character.

At its last meeting, it seemed to be a forum where a miniature North-South confrontation was taking place. The "Group of Six" relatively advanced states clashed with the "Group of Eight" backward states over the formula for sharing of central funds for development while the remaining eight "special category" states (which already get preferential treatment) formed a pressure group of their own.

The victims of this have been formulae carefully worked by the Planning Commission which sought to give more to those states which have more inhabitants under the arbitrarily-defined "poverty line." This apparently equitable solution so annoyed the "advanced states" that one chief Minister angrily threatened to opt out of the "national planning mainstream" and go it alone on the ground that his state got no advantage from it.

This had an ominous ring in a country as large and diverse as India, and underscores the complexity of issues revolving around relations between the central Government and the states on the one hand and relations among the states themselves on the other.

Differences on "regional" growth and the need to have "balanced development" all over the country have existed for three decades. But so far they never had taken the form of a confrontation. The central Government had its way both because the Congress was in power in New Delhi and in most of the states and because of the force of personality of Mrs. Gandhi and her father, the late Jawaharlal Nehru.

In the absence of any nationally acceptable figure—Prime Minister Morarji Desai represents a party which has its base in only seven northern states and has no representation from the south—regional forces and pressures have grown rapidly.

The most vocal are the Marxists who are now in power in West Bengal and Tripura in north-eastern India. In a sense they represent regional forces since they have comparatively little support outside their stronghold (although the Marxist party has decided to spread its organisation into other states as well, particularly the crucial Hindi-speaking belt in the north).

Not unexpectedly, the election alliance between the Marxists and the Janata party has broken up. The Marxists are finding allies in their confrontation with the central Government among other non-Janata states like Punjab (ruled by the Sikh Akali party) and Kashmir (where Sheikh Mohammed Abdullah's National Conference is in power).

These are all local parties whose demands for more financial powers have political reasons. To justify the faith reposed in them by the electorate, they must not only protect the people's interests but also do better than their predecessors. To do so successfully, they must swiftly implement economic development plans, but they find themselves limited because, under India's constitution, the central Government effectively holds the purse strings.

All states resent coming to New Delhi for handouts both for development and for other expenditure, and West Bengal bitterly complains that the central Government uses its powers "blatantly to buy out dissent" and hold the states to ransom.

Already divided by such factors as language (India has 17 officially-recognised languages) and the "sub-cultures" that the states represent in so large and diverse a subcontinent, they are no taking advantage of the weaknesses of the central Government. Formed by the disunited Janata party, the administration has not been able to bring to heel dissenting states in the manner of Mrs. Gandhi. Nor can it try to do so openly since it is committed to decentralisation of both economic and political power.

Yet as this builds up centrifugal forces that not only hold up development but also pose a threat to stability—in January there was a bloody "border" clash between Nagaland and Assam—the feeling is growing that a fresh debate is needed on the whole issue of centre-state relations.

Argentina 'near atomic capability'

BY HUGH O'SHAUGHNESSY

ARGENTINA is moving swiftly towards the capability of manufacturing nuclear weapons, according to a leading Argentine politican, while the Argentine air force is developing rockets with the ability to reach an altitude of 500 km.

"In 1980 our uranium reprocessing plant will be working, which will give us the ability, one supposes, to build atomic bomb." This was stated in a communique by Captain Francisco Manrique, a retired Argentine naval officer and politician who has close contact with the military Government in Buenos Aires, before he left London at the weekend for the Vatican. The communique was circulated by the Argentine embassy in London.

While visiting Britain as a guest of the Government, Capt. Manrique viewed shipyards, industrial plants and oil and nuclear energy installations.

Capt. Manrique added that Argentina did not intend to build atomic bombs. His country would be willing to sign the Tlatelolco treaty against nuclear proliferation in the Western hemisphere when the U.S. did likewise and taking into account the situation created by Cuba's unwillingness to sign it.

He said that Argentina's heavy water plant would be ready in 1981 and that in the 1990s Argentina would be building up to 10 nuclear power stations.

The Argentine air force last week launched a Tauro rocket able to propel a load of 500 kilos to an altitude of 300 km, according to Inter Press Service. Next month the air force intends to start a joint programme with Peru, West Germany and the U.S. for the launching of Castor rockets capable of reaching an altitude of 300 km.

Brigadier Miguel Sanchez Pena, chairman of the Argentine National Commission for Aeronautical and Space Research, said that the rockets would advance study of the ionosphere and improve communications.

David Fishlock adds: The juxtaposition of the statements on Argentina's progress towards the separation of plutonium — a potential nuclear explosive — and a rocket delivery system can bring little comfort to nations working for tighter controls against the spread of nuclear weapons. But similar signs of a near-nuclear capability from South Africa in 1977 brought intense diplomatic pressure from the U.S. and other weapon states. It culminated in a strong disavowal by the South African Government of nuclear weapon plans.

Victor Mackie writes from Ottawa: Atomic Energy of Canada, the Canadian Government's nuclear company, has decided to bid for a second nuclear reactor in Argentina, despite controversy surrounding agents' fees associated with the sale of an earlier Candu reactor to Argentina.

The formal bid, which will be made subject to Argentina accepting "full-scope" nuclear safeguards, is scheduled to be submitted to that country's Nuclear Energy Agency next month.

Brazil nuclear debate continues

By Diana Smith in Rio de Janeiro

ALTHOUGH the international political aspects of Brazil's nuclear power programme have been cleared up, controversy continues to rage over a number of financial and technical issues.

The progress of the programme — the cost of which already has risen from $10bn to $13bn — will figure prominently on the agenda when Chancellor Helmut Schmidt of West Germany pays an official visit here in April.

After the signing of the 1975 deal in which Brazil agreed to purchase eight nuclear power plants from West Germany's Kraftwerk-Union (KWU), the U.S. administration and prominent Dutch and British officials repeatedly voiced fears that Brazil would use acquired technology to build a nuclear bomb.

Refused to sign

Brazil's refusal to sign the Nuclear Non-Proliferation Treaty increased those fears. However, while claiming that to sign the treaty would subject it to the whims of powerful nuclear nations, Brazil has committed itself to obeying all International Atomic Energy Agency (IAEA) safeguards.

This appears to have satisfied members of Urenco, the British-German-Dutch consortium approached for the supply of enriched uranium, and added weight to Brazil's insistence that it is dedicated to the end of the nuclear arms race.

Even President Jimmy Carter, once an active opponent of the Brazilian-German nuclear deal, appears to have satisfied himself that Brazil will use fissionable material only for peaceful purposes.

Brazil embarked on its nuclear programme with virtually no technical knowledge. It was in a hurry, seeing nuclear energy as the necessary complement to hydroelectricity, in a country where electric energy consumption rises by over 11 per cent a year.

Critics argue, however, that Brazil cannot afford the mounting costs of an ambitious nuclear programme scheduled to supply 10,000 megawatts by 1990 (if all eight German reactors are on stream) Hydro-electric schemes are set to supply some 60,000 Mw in that year, compared with current capacity of just over 20,000 Mw.

Angra-1, the Westinghouse-equipped reactor on Itaorna Beach, in Rio de Janeiro State, was expected to cost $218m. The final price is likely to be between $850m and $1bn. It is expected to go on stream later the year, over a year behind schedule.

The authorities insist that thorough geological and seismic surveys indicated that Itaorna Beach was ideal for Brazil's first three nuclear reactors.

Geological fault

But critics of the site say it is located on a geological fault. And over a year ago the plant slipped marginally out of alignment, experts claim, due to a subsoil that was less stable than expected.

The authorities insist that the difficulty has been corrected, as have other problems, such as inadequate safety provisions.

Construction of Angra-2, meanwhile, ran into a solid outcrop of deep rock originally thought to be removable. As a result of the additional engineering work, the cost of this plant is now estimated at $1.5bn, with a cost per installed kilowatt of $1,570.

The cost of the full eight reactor deal has been revised from the original $10bn to $13bn.

The problems of Itaorna Beach have raised questions about the location of Angra-3. So far, the authorities say only that they are studying the question and might consider another site.

The slow progress on the first two German-equipped plants indicates that the Brazil-Germany nuclear deal is unlikely to be completed by 1990, the date originally set for the acquisition of the last plant.

No strike deal threatens U.S. tyre industry pact

BY JOHN WYLES IN NEW YORK

SOME OF THE initiative in the forthcoming wage negotiations with the U.S. tyre industry has shifted to the United Rubber Workers, following an historic "no strike" agreement with the Firestone Tyre and Rubber Company.

The agreement may cause some tremors in the Carter Administration, which has already been served notice by the union that it will not accept the 7 per cent wage guideline in its negotiations with the big four tyre companies—Goodyear, Firestone, Uniroyal, and B. F. Goodrich.

The union's agreement will remove one possible participant from the tyre industry's mutual assistance pact. Since 1966, the URW has gone on strike in at least one tyre company, but the target company has received financial and product support from the others.

Mr. Peter Bommarito, president of the union said yesterday that in the past the mutual assistance pact had "worked to the detriment of our membership" and Firestone's withdrawal from the programme paved the way for "redefining our bargaining structure with the company."

The agreement provides that neither will exercise their legal rights to a lock out, strike or any other concerted activity interfering in plant operations in advance of a new master contract.

If Firestone and the union do not reach agreement in their own negotiations then Firestone will accept "as a pattern for settlement, the URW designated industry settlement."

Wage guidelines may be relaxed

BY JOHN WYLES IN NEW YORK

PRESIDENT CARTER'S proposals for "insuring" wages against inflation have opened up divisions among U.S. trade unions, but have not enhanced the prospects of success for his wage restraint policy.

The U.S. inflation rate was highlighted last Friday by January's producer price index, which showed an annual rate of gain of 15.6 per cent, and there are indications that the Administration is aware that it may have to consider relaxing the 7 per cent limit on wages and benefits which is the corner-stone of the policy.

There is a growing sense in Washington that the inflation statistics expected over the next few months will make it extremely difficult for major unions to settle within the present guidelines. Mr. Ray Marshall, the Labour Secretary, hinted recently that further flexibility might be needed if the policy was to win union backing.

This is the consesus in the trucking industry, whose negotiations have begun talks with the International Brotherhood of teamsters on a three-year contract to run from the end of March. The Administration badly needs a Teamsters' settlement which could be presented as aiding the battle against inflation, but there seems to be little prospect of an agreement on the basis of 7 per cent.

The outlook for the guidelines became gloomier on publication of a letter from Mr. Frank Fitzsimmons, the Teamsters' president, to Congressional leaders. Mr. Fitzsimmons urged support for Mr. Carter's "innovative" wage insurance proposal, but cautioned that this approach "shouldn't be construed as an endorsement of the President's present wage guidelines programme."

The wage insurance plan, which would cost an estimated $2.5bn in fiscal 1980, would allow tax concessions to workers who settle for 7 per cent, if inflation is at a higher rate. The first $20,000 of pay would be insured against inflation of up to 10 per cent, with the maximum entitlement from the programme fixed at $600 a person. The Administration says the programme would cut the growth in consumer prices by 0.5 per cent a year, but critics have said its contribution to reducing inflation would be far less.

Taiwan plans 'embassy'

BY DAVID BUCHAN IN WASHINGTON

TAIWAN has dropped its demands that future relations with the U.S. should have an official Government-to-Government character, despite the break in diplomatic ties.

U.S. officials report that it has agreed to set up a surrogate embassy in the U.S. to be called the "co-ordinating Council for North American Affairs," thus reciprocating the Administration's intention of establishing an "American Institute" in Taipei to continue an economic and cultural relationship.

Congressional critics of President Carter's policy on China have argued that replacing the U.S. Embassy in Taipei with an "institute" is a distinction without a difference, in that the Institute will be paid for by the U.S. Government and staffed by retired Foreign Service officers.

But it is a distinction which Mr. Carter wants to preserve as the basis for his normalisation of relations with Peking.

Taiwan's apparent concession now makes it easier for the Administration to defeat any congressional attempt at restoring an official political character to U.S.-Taiwan relations. Nonetheless, it seems inevitable that Congress will add a rider to legislation approving the American Institute in Taipei which would express U.S. concern for the security of Taiwan.

Mr. Carter at his Monday Press conference, made it clear he would veto any move by Congress "that would contradict the commitments we have made to the Government of China." In particular, he warned against any attempt to restore the defence relationship between the U.S. and Taiwan.

POPE John Paul II (above) yesterday gave his full backing to Latin American bishops at the Puebla conference, who issued a statemnt denouncing the brutal oppression and scandalous injustices perpetrated by military regimes in the continent.

Treasury could seek extra funds

BY STEWART FLEMING IN NEW YORK

ECONOMISTS WHO follow the U.S. Treasury's financing requirements are expecting some concern that redemptions of U.S. Treasury securities held by foreign central banks could force the Treasury to increase its demand for funds in the bond markets this quarter.

They caution, however, that firm official purchases and sales of U.S. securities can be very volatile because they are linked to the performance of the dollar, and recent movements could be quickly reversed.

According to Donaldson Lufkin and Jenrette Securities, foreign central banks redeemed an estimated $1.6bn of non-marketable U.S. Treasury securities in the first four business days of February. This has reduced foreign official holdings from around $27bn to nearer $25.5bn, the investment firm estimates.

If the movement is not reversed by purchases of marketable or non-marketable Treasury securities, the Treasury might have to increase the total amount of new finance it is expecting to raise in the bond market in the rest of the current financial quarter, it is suggested. The Treasury has estimated this figure at about $9bn.

U.S. attempts to speed up Geneva trade negotiations

BY BRIJ KHINDARIA IN GENEVA

THE UNITED STATES and the European Community have reached major understandings on the politically sensitive question of industrial tariff cuts, raising U.S. hopes that it will be able to wrap up the entire Tokyo Round package by mid-April.

U.S. Trade representative Mr. Alonzo McDonald reflected this understanding in a statement on his return here from the U.S. when he said that "by our calculations the Tokyo Round will have to be signed, sealed and ready for approval" by mid-April.

"As far as the United States is concerned, after February 24 our focus will shift almost exclusively to the domestic implementation process," he added, referring to the planned agreement's passage through Congress.

February 24 is the date when Mr. McDonald must return to the U.S. to continue lobbying for the Tokyo Round package to persuade various industrial and farming lobbies, as well as Congress, that it is a satisfactory deal.

Diplomatic sources said here the U.S.-EEC understanding concerns industrial tariff reductions to be operated under the Tokyo Round accords, including those in controversial sectors such as chemicals.

The understandings are now being reviewed by Washington and the EEC's executive Commission in Brussels.

EEC delegation sources, however, painted a less optimistic picture. They said key industrial tariff questions were still open but did not rule out the possibilty of accord before March 13, when the community's council of ministers meets in Brussels to review developments in the Tokyo Round.

They said the apparent mid-April deadline set by the U.S. was a laudable if not realistic one. In his statement Mr. McDonald explained that the mid-April date was chosen partly for reasons of domestic politics because it would allow enough time for consideration by congress before it recesses in October.

In addition to problems concerning industrial tariffs, important differences remain to be settled between the U.S. and the EEC on agricultural trade. The continuing failure of a separate conference to conclude a new international arrangement for wheat has not made matters any easier.

EEC imposes levy on Spanish steel

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission has launched a formal investigation into complaints of Spanish steel being dumped in EEC markets.

Until the Commission probe is completed, sales to the Community of certain types of steel beams by Spanish steelmakers will be subject to a provisional anti-dumping levy, amounting to the difference between the Spanish prices and the EEC base prices.

The Commission's move is likely to have political overtones, for it follows closely on last week's formal opening of negotiations with Madrid on Spain's accession to the EEC. But the complaint by Belgian steel manufacturers that triggered the Commission's anti-dumping procedures made a strong case against Spanish penetration of the Community market in recent years.

According to the European Commission, Spain now supplies more than half of all imports into the Nine of U beams, I beams and H beams. In 1974 it sold only 32,000 tonnes of these to the EEC, on a total of 347,000 tonnes of the beams supplied by third countries.

In 1977 that total had risen to 517,000 tonnes, while the Spanish share consisted of 259,000 tonnes. Spain's share of total EEC consumption of the beams had thus increased to 5.1 per cent.

Although the Commission has not cited the price levels that have given rise to Belgian complaints of dumping, spokesmen yesterday made it clear that the Spanish case was being examined in the light of the Community's own anti-crisis plan for maintaining prices and restricting production.

Japanese optimism on joint Iran venture

By Richard Hanson in Tokyo

THE JAPANESE are beginning to feel more optimistic about the future of their huge joint venture Iranian petrochemical project in Bandar Shahpur. Until the new Iranian Government installed itself, there were fears here that the nearly completed complex would have to be mothballed.

The Japanese partners in the Iran-Japan Petrochemical Company, led by Mitsui, have received conflicting reports on the new Government's view of the Y650bn (£1.6bn) project, and will dispatch officials to Tehran as soon as feasible to determine its status.

But it is now apparent that despite the violent turmoil of the past two months in Iran, work at the isolated complex site continued virtually without disruption.

Construction is about 85-90 per cent completed, compared with 75 per cent in September, and is now expected to be finished by this autumn.

About 3,500 Japanese were employed on the project, but this has been reduced to about 2,500 with 600 finishing up their jobs during January. Another 1,000 will return this month as transportation becomes available.

Nippon to advise on construction of Algerian project

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

NIPPON STEEL, the largest Japanese steel manufacturer, has entered into a 10-year technical assistance agreement with the Alegian State owned steel manufacturer, Societe Nationale de Siderurgie (SNS). The Japanese company will give advice on the construction of a 10m ton integrated steel plant.

The agreement, signed in Algiers, provides for SNS to pay $19m (£9½m) to Nippon Steel over the next three years for various design and advisory services.

Work on the plant, to be built at La Macta on the western end of Algeria's Mediterranean coast, will begin after the initial three-year period and involves further consultancy payments.

Nippon Steel has been advising SNS on various aspects of its expansion plan since 1973 when it helped choose a site for the proposed plant.

It drew up a plan for the first phase of construction of the plant in 1976 and carried a study of the second stage last year. Nippon Steel also provided general technical assistance to the management of an existing SNS plant at El Hadjar.

The Japanese will be required to station technical experts in Algeria over long periods in order to fulfil its side of the technical consultation agreement.

In addition to advising SNS on new construction projects, Nippon Steel will act as a consultant for the selection of iron ore and coking coal.

Offshore LNG transfer deal

BY ADRIAN DICKS IN BONN

SALZGITTER, the West German Government-owned steel and engineering group, is co-operating with the U.S. industrial conglomerate FMC on development of a system for offshore transfer of liquefied gases.

The two companies are spending some DM 5.5m ($1.48m) on development costs up to the end of next year, and by 1981-82 expect to have brought the technique to the point where it can be marketed to offshore oil and gas operators.

The project is intended to make possible exploitation of smaller gas fields, for which the cost of laying a sea-bed pipeline to dry land would be too high. It aims to perfect a technique of piping very low temperature liquids, such as liquid natural gas (LNG) or liquid petroleum gas (LPG), from production platforms to tankers in weather conditions with waves up to 20 metres high.

FMC is concentrating on the pipe work and instrumentation, while Salzgitter will develop the hydraulic loading arms. Computer control will be used to help avoid both collision with a moving tanker and the placing of excessive strains on the super-cooled piping.

Brazilian deficit soars

BY DIANA SMITH IN RIO DE JANEIRO

BRAZIL'S 1978 trade deficit reached $988m with imports of $13.639bn and exports of $12.651bn. In 1977, a $139m surplus was achieved.

Semi-manufactured and manufactured exports rose by 41.6 per cent in volume and 32.7 per cent in value, and accounted for over 51 per cent of all exports.

Meanwhile, a 14 per cent loss in agricultural exports and 15.4 per cent rise in agricultural imports to $541m made it impossible for Brazil to balance its trade last year, still less to achieve the $500m surplus it hoped for.

Tokyo costliest for businessmen

TOKYO IS now the most expensive city for travelling businessmen while London is becoming more expensive and New York is relatively cheaper for the UK businessman than two years ago.

The comparisons are made in the 1979 edition of Living Costs Overseas: A Guide For Businessmen, published by the Financial Times. The guide also shows that Peking is cheaper than any other of the world's major cities.

Chinese exports expected to slow

BY DAVID LASCELLES IN NEW YORK

CHINA'S IMPORTS from the West over the 1978-85 period could total between $123bn and $203bn according to projections prepared by the Bureau of East-West Trade of the U.S. Department of Commerce. But the Bureau says that economic constraints and China's borrowing policies point to more realistic forecasts of $123bn to $136bn.

If so, China's debt to the West would rise from $1bn in 1978 to $21bn—$27bn by 1985.

The bureau's report says that although China's exports rose by 25 per cent last year, this is exceptional, and long-term growth is likely to be much lower. The report plumps for the 10-15 per cent range because of the constraints of home demand for food and other products. Low productivity, and Western protectionism affecting traditional Chinese exports like textiles.

Among China's best assets, oil reserves are estimated to be about three times those of the U.S., but the country's modernisation programme will boost domestic demand and hinder export growth. Also, the heavy wax content of Chinese oil make it less attractive, while Chinese facilities to remove the wax will not be ready until the mid-1980s.

China will also have large invisible earnings, mainly from tourism, activities in Hong Kong, remittances from Chinese living abroad, and shipping.

The bureau bases its forecasts on assumptions that a 10 per cent annual growth in Chinese real exports is a plausible target for 1979-85, and that 12.5 per cent is the maximum sustainable over a long period. Imports, on the other hand, must grow at a minimum 15 per cent a year if the projected growth in the economy is to be achieved.

The bureau expects, though, that imports will surge over the next two years, and then taper off towards 1985 because of the timing of the capital programme.

The actual outcome will depend on China's export performance, the willingness of the West to lend and China's willingness to go into debt, and how fast China can absorb imported technology.

CHINA'S TRADE AND DEBT 1978-85 $bn

	1978	1981	1985	1978-85
Conservative estimate:				
Imports	8.5	14.1	22.5	122.8
Exports	8.2	10.9	16	93.8
Balance of trade	−0.3	−3.2	−6.5	
Year-end debt	1	4.3	20.7	
Debt/export ratio	.12	.39	1.3	
Optimistic estimate:-				
Imports	8.5	15.9	25.5	136
Exports	8.2	11.7	18.7	103
Balance of trade	−0.3	−4.3	−6.8	
Year-end debt	1	6.3	26.5	
Debt/export ratio	.12	.54	1.4	—

Source: Prospects for PRC hard currency trade through 1985, Bureau of East-West Trade.

BRS gives warning of 33% price rise

BY LYNTON McLAIN AND NICK GARNETT

THE STATE-OWNED British Road Services warned yesterday that haulage rates will have to rise by a third by the end of the year as a result of the recent 22 per cent pay settlement for private haulage drivers—and BRS forecast 15 per cent inflation by next year.

Mr. David White, group managing director of BRS, said the Price Commission had already been told about a proposed 20 per cent rise in BRS general haulage rates.

He also said further substantial rises in haulage rates were inevitable later this year, Mr. White said.

The Road Haulage Association has already said private sector haulage rates will have to rise by at least 20 per cent.

Fair wages claims of more than 20 per cent have been submitted to the Central Arbitration Committee on behalf of 27,000 drivers and ancillary staff employed by the National Freight Corporation, which owns BRS.

The claims, made under Schedule 11 of the Employment Protection Act and due to be heard early next week follow average settlements of 22 per cent won by private haulage drivers following the recent series of regional strikes.

One of the claims covers 18,000 drivers, fitters and loaders working for BRS, Roadline, Pickfords and related companies.

This has been submitted by the Transport and General Workers' Union, together with the United Road Transport Union and some craft unions.

The National Union of Railwaymen has submitted a similar claim for its 9,000 members working for National Carriers.

Last year NFC drivers won a 5 per cent fair wages claim—on top of a 10 per cent deal—to bring them in line with private haulage drivers who settled for 15 per cent.

The latest pay rise, if accepted, would add 8 per cent to the operating costs of BRS, but the group said it also had to take account of last year's wage settlement and the expected rise in fuel costs.

But the 20 per cent rise in rates would not possibly see the company through the rest of the year, Mr. White said. He forecast further price rises for fuel, with the prospect of a rise in the road fund tax for heavy lorries in the Budget, and a general rise in inflation by next year.

The total rise of up to 33 per cent suggested by BRS is a very realistic target, the RHA said last night. Further rises in the private sector could not be ruled out.

The BRS group made a net profit of £2.4m after interest charges on a turnover of £126m compared with £2.2m on a turnover of £110m in 1977. More than £12m was invested in new equipment last year and the group expects to invest a further £14m this year. The trading profit of £8.8m last year compared with £6.8m in 1977.

'Calendar' on pay mooted by CBI

By John Elliott, Industrial Editor

A NEW attempt to reform Britain's wage-bargaining system and to encourage lower settlements without a formal pay policy was started yesterday by the Confederation of British Industry.

The plan includes the creation of a national economic forum and the rearrangement of pay settlement dates in the private and public sectors. The confederation seeks to design a voluntary incomes policy without upsetting many of its member-companies, which vigorously oppose pay limits and overtones of the "corporate state."

One of its priorities is to strengthen employers in pay bargaining. The plan covers picketing and other legal changes. Mr. John Greenborough, CBI president, stressed the need for them when he addressed European Parliament MPs in Luxembourg yesterday.

"The biggest challenge now facing Britain is correcting the imbalance of power in the nation's industrial relations," he declared. "We in Britain are now talking openly about the way strikes are financed, about picketing, about the way closed shops operate, and the desirability of secret ballots."

Some ideas in the pay plan resemble those discussed by the Government and TUC. They include merging review bodies covering pay levels and anomalies, and differentiating in the public sector between trading businesses, such as the National Coal Board, and non-trading services, like local government.

But the CBI opposed a "tripartite carve-up of what the nation can afford," Sir John Methven, CBI director-general, said yesterday.

"The economic forum should have a very wide membership, including, for example, the Government, other political parties, unions, trade and industry, consumer groups and academics," he said. But the CBI would be prepared to discuss other ideas, such as the TUC's proposed forum with the Government.

Forum debates would provide the centrepiece for the CBI's proposed new "bargaining calendar," which would concentrate most pay bargaining in the winter and early spring.

The forum, which could take the form of a Parliamentary select committee, would be public and take evidence from both sides of industry and other interested parties. Its prime function would be to influence wage expectations. It could be formed by expanding the National Development Council, or it could be separate from the council but serviced by the National Economic Development Office.

The CBI envisages the following "bargaining calendar":

May/June: Economic forum takes evidence after the Budget and experience of the previous pay round.

July/August: Publication of annual economic review. Possible Green Paper. Parliamentary debate.

September/October: CBI, TUC and party conferences consider the review.

November/December: Main bargaining begins, with first settlements operating from November 1. Government decides cash limits for public sector and outlines links between pay developments and the next Budget.

February: Budget representations by CBI, TUC and others, as at present.

March: Tax-dependent public services bargain. April settlement date to coincide with start of financial year.

April: Budget, taking full account of pay developments.

May: Work on next annual review begins.

British steel outlook gloomy

BY ROY HODSON

THE MOST optimistic thing the National Economic Development Council iron and steel sector working party can say about the future for the industry in Britain is that by 1985 demand for steel may have regained 1973 levels.

This year's report by the working party, published today, is in nearly all respects gloomier than a year ago about iron and steel prospects.

The British industry is failing to derive much benefit from rising world demand for steel. The working party points out that production of iron and steel in Britain has fallen to 25 per cent below the levels reached in 1970. Capacity utilisation of steel plant is, on average, below 70 per cent. The labour force has fallen by 17,000 in the past year.

The British Steel Corporation is losing heavily (up to an estimated £350m in the current financial year). Some private companies are reported to be barely profitable.

The working party sees both the public and private sectors of British steelmaking surrounded by problems. Demand for steel from British manufacturing industry continues to be low and the working party believes that growth prospects are uncertain.

A rising share of the British home market has been taken by indirect and direct steel imports in recent years. British steelmakers' share of the home market fell to below 80 per cent in 1978 for the first time.

There is considerable excess production capacity in many iron and steel products and profit expectations are poor.

Some parts of the industry are reported by the working party to be suffering from problems over delivery performance and reliability of products. There are delays in the construction and commissioning of most new plant, says the working party.

Other problems facing the industry are overmanning in some plants, and the growing competition being faced in the Third World steel markets from new steel plants in Asia, the Middle East, Africa, and South America.

The EEC anti-crisis measures (the Davignon Plan) introduced to help the steel industry of Europe are seen as having had only a partial success so far. But the situation would have been worse without the anti-crisis measures, says the working party—made up of steelmakers, the steel unions and civil servants.

Some European steelmakers are criticised for failing to support the plan completely, so that at times it has seemed ineffective. The working party says: "The failure of some European steel companies to honour the spirit of the Davignon Plan by continuing to sell into the United Kingdom at very low prices has led to the rise in imports."

Working party objectives for the steel industry.	Actual 1977	1980 objectives set last year	Revised 1980 objectives
Home market share (percentage)	80	85-87	80-85
Exports as a percentage of total sales	30	21-23	21-26

The working party warns that the British steel trade balance could deteriorate this year. In 1977 Britain imported 3.7m tonnes of steel products, worth £805m. Exports improved to 4.3m tonnes of products, worth £862m. The position worsened during last year as imports rose to take more than 20 per cent of the market. The situation is worrying in the view of the working party.

The future level of output of the British steel industry is seen to largely depend on the success of the Government's industrial strategy in increasing the volume of Britain's manufacturing output—both by increasing exports and by reducing the share of the home market taken by imports.

Last year the level of cars imported into Britain was equal to more than 1m tonnes of steel.

Certain British industrial sectors are giving the steel working party cause for concern about the future. They are: motor cars, mechanical engineering, shipbuilding, and the construction industry. The poor outlook for those industries in the short-term leads the working party to conclude that there will be only a relatively modest growth in British steel demand during the next two years.

Looking into the 1980s, however, the range of possible levels of steel demand is seen to be much greater. By 1985, if the industrial strategy is successful in raising the rate of growth to more than 3 per cent a year, a total British demand of about 17.5m tonnes is forecast.

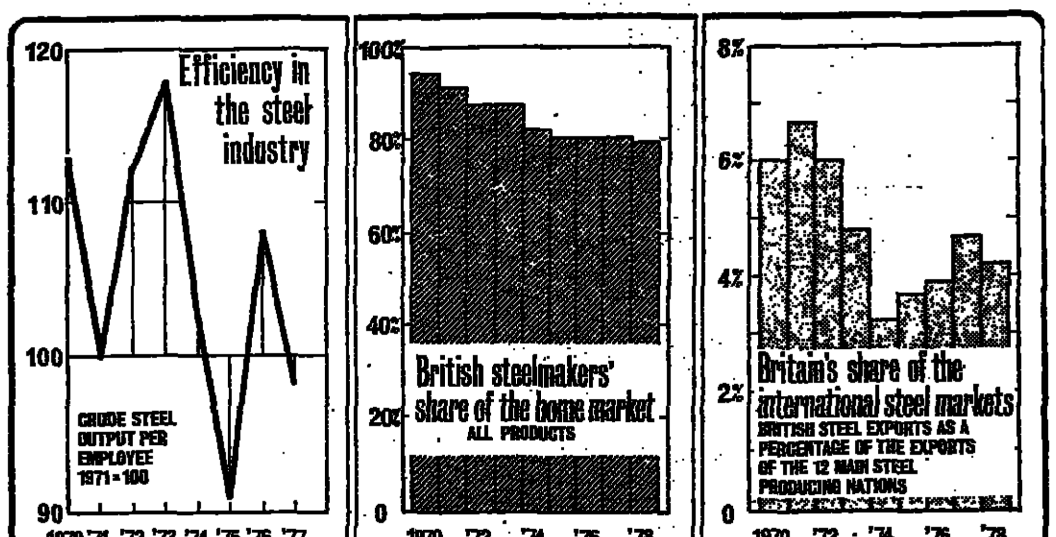
The working party reports that there has been a significant improvement in the commercial performance of the British steel industry. The continuing high level of steel imports is said to be mainly because of low prices now. "If price sanity can be restored to the market place then the investments made in new major iron and steel making facilities, quality control, and inspection equipment, give grounds for optimism."

However, the working party continues to be concerned at the high level of penetration of the British market by certain types of steel—strip, heavy plate, and special steels.

Both the private and public sectors of British steelmaking are urged by the working party to start discussions to assess how much of the existing British steelmaking capacity will be needed in the mid-1980s to satisfy the demand of the market by then. The working party asks that the steel industry's customers should be included in talks.

It welcomes the setting up of a joint planning committee by the British Steel Corporation and the unions and suggests that the private sector steel companies should join with the unions in a similar exercise.

Progress Report 1979. The iron and steel sector working party of the National Economic Development Council. Available free from NEDO Books, 1, Steel House, 11, Tothill Street, London SW1.



SOURCE: NEDC IRON AND STEEL SECTOR WORKING PARTY

Scottish knitwear company collapses

By Ray Perman, Scottish Correspondent

THE SCOTTISH Development Agency is likely to lose £45,000 which it invested in Thistle Knitwear. The company yesterday went into receivership at the request of its directors.

It is the fourth company to collapse out of more than 30 in which the agency has invested, and brings the agency's total net losses to about £700,000 since 1975 when it was set up.

However, this should be judged against total investment so far of £18m, and the fact that a number of agency investments are proving highly profitable.

In the last financial year, agency subsidiaries made a total operating profit of £968,000. The agency also profitably sold its stake in several companies.

Thistle Knitwear was set up in 1976 when the agency, the Scottish Economic Planning Department, and the Bank of Scotland helped the company to buy a knitwear factory in Shotts, near Glasgow.

A year later, the agency provided a loan of £20,000 to ease cash flow problems, but the company could still not achieve satisfactory levels of production or profitability, in spite of promising operating projections.

Mr. Hugh Jack, industry director, said: "The agency made this investment fully alert to the risk involved in a company which had substantial technical difficulties because of old machinery as well as cash and managerial problems."

Full measure for stout, but froth to stay

By Our Consumer Affairs Correspondent

DRINKERS OF stout will still be able to enjoy a head or froth on their beer in spite of new Government regulations to ensure that a full measure of drink is served.

Mr. John Fraser, Prices Minister, announced in the Commons yesterday that the Government would delay the compulsory introduction of specially marked glasses—showing a full measure—for stout until after further talks with the industry.

His announcement followed the claim from Mr. Michael Shersby, Conservative MP for Uxbridge, that "draught stout—such as Guinness—without a head is totally unacceptable to drinkers." He said that people "demand and expect a head of at least half an inch."

The Government has introduced a short Weights and Measures Bill to ensure that consumers are served a full measure of beer, not including the head.

Press freedom under attack, says editor

FINANCIAL TIMES REPORTER

THE FREEDOM of the British Press has deteriorated in the past four years and is under increasing attack, Mr. Harold Evans, editor of the Sunday Times said last night.

Mr. Evans told the Worshipful Company of Stationers and Newspaper Makers that it would now be an exaggeration to say, as he did in 1974, that the British Press was half-free by U.S. standards.

He said: "There is no single cause for this deterioration; and no single solution. It is the result of individual decisions and of inertia, of acts and attitudes in law, government, public life and the press."

Mr. Evans described court decisions relating to privilege and libel which he said were constraining influences on the Press and he attacked the recent decision of the National Union of Journalists to try to block news outlets as part of its industrial dispute.

"It is one thing to withdraw one's labour. It is another to conspire with the jacks in office for the blacking of news," Mr. Evans said. NUJ press officers had been ordered to hinder newspapers by refusing inquiries from editors and non-striking journalists, and councillors and other unions were asked to help by preventing news from getting out.

Mr. Evans said: "This is a mockery of years of valiant effort by journalists and by the NUJ and the Institute of Journalists against secretive public authorities."

Mr. Evans ridiculed the recent suggestion by Mr. Anthony Wedgwood Benn, Energy Secretary, that Times Newspapers should be taken over by the BBC as a way of re-opening the paper.

Mr. Benn's statement that the Times management wanted to "impose new technology by force" was simply untrue, he said.

"What the management proposes is a phased introduction of a programme announced in 1976, with guaranteed employment for everyone who wants it."

The disputed question of whether journalists as well as print union members should be allowed access to the computer typesetting terminals went far beyond economics.

The terminals, with television screens and access to the computer files would give journalists essential tools for their trade, Mr. Evans said. The facilities offered would extend far beyond what was needed for repetitive typing which was the province of the printers.

Safety Executive against Flixborough butane plan

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE HEALTH and Safety Executive has come out against a proposal to build three 400-ton butane storage tanks on the Nypro (UK) chemicals site at Flixborough in Humberside—scene of an explosion in 1974, when 28 people died.

The executive's major hazards risk appraisal group has told Glanford Council—the planning authority—that the building of the storage tanks "should not be permitted."

The group says in its report that although the possibility of an accident is remote it cannot be "entirely dismissed."

The group fears that a fracture process feedpipe or a "catastrophic failure of one of the tanks" could lead to the escape of a cloud of inflammable butane—liquid petroleum gas—which might then ignite. If this happened the resulting blast could cause "severe damage" to people living in the villages of Amcotts and Flixborough, within a mile of the site.

The group's report says those working on the site itself, including 70 people in a multi-storey office block, could be hurt.

Glanford Council can ignore the executive's recommendations but few planning authorities would normally take this step.

Planning authorities ask the Health and Safety Executive for advice on a voluntary basis but the Health and Safety Commission wants it made compulsory.

Nypro, jointly owned by the Dutch-based DSM and by the National Coal Board, rebuilt its Flixborough plant after the 1974 disaster. The new plant, which is due to come on stream in March or April this year, will produce caprolactam—used in the making of synthetic fibres—but a different process will be employed to that used in the old plant.

Nypro said yesterday that it had not yet officially received the Health and Safety Executive report but it claimed that the decision of the group would not present any immediate problems.

The chemical company said it had an agreement with the British Gas Corporation for natural gas to be supplied to the Flixborough plant by underground pipeline. It would, therefore, be using natural gas as a feedstock.

Nypro added that difficulties in the negotiations with British Gas had made it seem likely, at one point, that there would be no alternative to the use of butane but this was no longer the case.

The company said it had not withdrawn its planning application for the storage tanks because it was anxious to keep its options open.

West Yorkshire offers site for Inmos plant

By Rhys David

WEST YORKSHIRE is the latest authority to offer a site for the Government-backed Inmos project, which is expected to create a total of 1,000 jobs in the manufacture of micro-electronic components.

The county yesterday launched, jointly with the area district authorities, a 100-page document outlining the facilities and services it could offer.

There are about 100 other local authorities offering a total of more than 150 sites.

£1m extension

PRINCESS ANNE yesterday opened the £1m passenger terminal extension at Felixstowe, Suffolk, which will house Townsend Thoresen's Zeebrugge ferry service.

Factory robots project starts

BY OUR INDUSTRIAL CORRESPONDENT

THE NATIONAL Engineering Laboratory is to carry out an 18-month research programme into the development of robots as part of the Government's programme to increase industry's use of automation techniques.

The laboratory's present research into the use of robots in arc welding will be extended to the general development of techniques, standards and applications of robot devices. The programme will be carried out by the Committee for Automated Small Batch Production, which is considering ways to introduce automation into production lines.

The main work will concern interface and performance standards, though research will be aimed also at enhancing the abilities of robots. The use of micro-processors and multi-processor configurations will also be considered.

Work normally, teachers told

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

TEACHERS who withdraw their labour in sympathy with the strike by the National Union of Public Employees will not be supported by the National Union of Teachers.

This was made clear by Mr. Fred Jarvis, general secretary of the NUT, speaking on BBC Radio's World at One programme yesterday. He said teachers should work normally even if their local education authority opened schools and used volunteer or contract workers to heat and clean them.

Earlier, Mr. James Pailing, director of education for the London borough of Newham—whose schools are among the 1,100 closed by the NUPE action—had said that strike-breaking by local authorities would probably not succeed in keeping schools open for more than a couple of days.

Such action would probably increase militancy by NUPE members in other areas, and have the longer-term effect of making it difficult to return to normal working relations when the strike ended.

Mr. Pailing said that he was pressing NUPE members in Newham to allow children sitting examinations to return from the church halls where they are receiving emergency lessons, and be taught in schools with proper access to textbooks and science laboratories.

Foster watercolours in demand at Sotheby's

SALEROOM

BY ANTONY THORNCROFT

THE WORK of Myles Burket Foster was in demand yesterday at Sotheby's second Belgravia sale devoted to Victorian watercolours.

His The Footpath by the Waterlane, sold for £5,000 (plus the 10 per cent buyer's premium) to Frost and Reed. Unicorn paid £1,900 for his Young Hay Gatherers. The Pet Magpie, by the same artist, realised £1,700, as did A Crofter's Cottage.

In a Hayfield, by William Coleman, sold for £1,700.

At Sotheby's in Bond Street a very good price of £3,600 was paid for an early Worcester mug of 1753, only 3½ inches high. A rare Worcester fable dish of the fox and the wolf, painted by Jeffryes O'Neale around 1770, fetched £2,800 and a late 17th Century Salt, £2,700.

Among the arms and armour an Irish dealer bought a pair of officer's silver mounted pistols of 1778 for £2,700, while a Scottish dress set of the 1880s realised £1,400. A uniform of the Norfolk Artillery Volunteers of around 1880 fetched £900.

At the Christie's glass and paperweights sale, which totalled £46,938, a Baccarat snake weight fetched £1,300, while a St. Louis miniature crown weight fetched £950. The same price secured a Baccarat carpet ground patterned millefiori weight. A "face-de-Venise" Dutch 17th Century winged goblet sold for £900. At Christie's, South Kensington, eight babies bonnets of around 1800, estimated at £30-£40, were bought for £290.

'Allow for material prices' plea

By Our Consumer Affairs Correspondent

THE Price Commission was urged last night to allow for the increased cost of raw materials when considering price applications.

Mr. Cyril Coffin, director-general of the Food Manufacturers' Federation, warned that the industry would face chaos if the Commission did not automatically pass on raw material cost increases.

"Food manufacturers' profitability at 4 per cent will simply not cover such increases. The price of processed foods in the shops has become a shuttlecock batted around by politicians, Eurocrats, consumer organisations, the agriculture lobby, and supermarket chains oblivious to the dangers to food processors."

Mr. Coffin's comments follow the Federation's campaign for the amendments to the Government's removal of the safeguard clauses from its price control. The Bill removing the safeguards became law on Monday, but the Government was forced to concede that the Commission should consider carefully raw material cost increases.

The Price Commission met yesterday to consider the implications of the scrapped safeguard regulations. The meeting is understood to have considered price rise applications from a number of major brewers and petrol companies.

The Commission normally announces any decision to freeze these price increases after the Stock Exchange closes on a Friday afternoon.

Mechanical handling review

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE DEPARTMENT of Industry is to assess industry's requirements of mechanical handling equipment over the next five to 10 years.

The survey will be carried out on behalf of the sector working party for the mechanical handling industry and will form an important part of its programme within the industrial strategy.

Discussions will be held with users and manufacturers of equipment to establish the need for product research and development.

Future operational requirements, materials, control technology, reliability and maintenance, marketing, system integration, and customer advisory services will be examined. The survey will also assess the effects on mechanical handling if the requirements of industry are not met.

Sectors to be surveyed include conveyors, cranes and transporters, lifts and escalators, lifting and winding devices, industrial trucks and trailers. The survey is being commissioned by the Mechanical Engineering and Machine Tools Requirements Board.

Uranium plant capacity to double

By David Fishlock, Science Editor

BRITISH NUCLEAR FUELS is to double the capacity of the new uranium enrichment factory at Capenhurst, Cheshire, the Government confirmed yesterday.

The gas centrifuge plant is to be expanded to 400 tonnes capacity by the end of 1982, subject to final planning approval.

Mr. Anthony Wedgwood Benn, Secretary for Energy, told the Commons yesterday that Britain, West Germany and Holland had agreed that Urenco, the tripartite enrichment company, would build up capacity to 600 tonnes at Almelo in Holland and 400 tonnes at Capenhurst.

ASSEMBLY

"Agreement has also been given to the creation of a third Urenco company, Urenco (Deutschland) and the construction of a centrifuge assembly plant and subsequently an enrichment plant at Gronau in the Federal Republic of Germany," he said.

Governments would be consulted before work on the Gronau plant began, and on any subsequent extension of capacity at Urenco plants.

Building societies' receipts reach £289m

BY MICHAEL CASSELL

JANUARY WAS a "reasonable" month for building societies with net receipts reaching £289m.

Figures from the Building Societies Association showed that the volume of new money retained by the movement during the first month of 1979 reached its highest point since last October. Mortgage lending, however, fell to the lowest level for nearly a year.

January is a traditionally good month for savings and in the same month a year earlier net receipts were £100m higher. The societies report that the first two weeks of February have been quite encouraging, but even so they are failing to attract the level of money required to finance their present lending programme of £700m a month.

They estimate that net monthly receipts of about £400m, together with money made available to them from mortgage repayments, is required to support present lending. In the absence of such an inflow, they are being forced to reduce further their liquid funds.

Last week, the societies decided not to increase their interest rates in the wake of the large rise in Minimum Lending Rate, and whether they decide on higher rates in March will depend to a large extent on the level of funds attracted over the next few weeks.

Premium

In a move designed to help societies attract a greater proportion of longer-term money—now a major talking point within the movement—the societies have recommended the payment of a maximum 1½ per cent premium over ordinary share rate on any four-year terms shares issued. This provides a base rate of 9½ per cent, equivalent to 14.1 per cent to basic rate taxpayers. To date, societies have recommended a 1 per cent differential on three-year money.

The association said yesterday that a total of £649m was lent to home buyers in January, the smallest advance figure since February 1978. At one stage last year, lending reached £800m in one month.

During January, the societies promised an additional £702m to mortgage applicants, £54m more than in December but £26m down on January 1978. At the end of January, societies were committed to lend £1.77bn.

Mr. Ralph Stow, chairman of the association, said building society lending had been "remarkably consistent" in spite of the wide fluctuations in interest rates and this situation was now expected to continue.

He claimed that the use of the phrase "mortgage famine" by housebuilders was "totally misleading" and produced figures to show that quarterly lending levels by societies were showing little deviation. In the first three months of 1979, he said, societies had estimated mortgage commitments of £2.16bn against £2.15bn and £2.21bn in the previous two quarters.

Stockbroker optimistic on future of economy

By Peter Riddell, Economics Correspondent

A CAUTIOUSLY optimistic view of the British economy over the next few years has been expressed by Hoare Govett, the City stockbrokers.

The brokers argue that Britain's chances of accelerating economic activity over the next few years are still intact.

This is after taking account of upward pressures on public sector borrowing, a likely slow-down in the growth of output and a squeeze on companies.

"Having said this, we feel we can maintain a degree of optimism for the medium and longer term. We have no doubt that the maintenance of orthodox policies by the authorities will ultimately moderate the pace of wage settlements—albeit at the cost of rising unemployment—and that this will feed back into more modest price increases."

The brokers add that "although they anticipate a return to double digit inflation in the summer, the final quarter of 1979 may very well see conditions becoming more stable again.

"Meanwhile, the prospects for the balance of payments are excellent, while the outlook for productive capital spending is still very satisfactory."

In the short-term, Hoare Govett projects an increase in real Gross Domestic Products of 2.6 per cent in 1979 compared with last year. About two-fifths of the rise would come from increased production of North Sea oil and gas. The same source accounted for about one-fifth of the 3.4 per cent rise in GDP in 1978.

The current account of the balance of payments is projected to be in surplus by £1.15bn in 1979, compared with a surplus of £107m last year.

On present policies, public sector borrowing in 1979-80 may rise to £9.8bn, compared with £7.9bn in the current financial year.

Shipyards men defy lay-off instruction

FINANCIAL TIMES REPORTER

MORE THAN 4,000 manual workers at Govan Shipbuilders and Scotstoun Marine Clydebank, yesterday started a work-in—defying lay-off instructions issued by the management because of a strike by supervisors.

The men, working without pay and not covered by the company's insurance scheme, are hoping to prevent a 13-ship order from Poland, due for completion this year, from falling behind schedule.

On Monday, 250 foremen and under-managers at the yards decided to strike over a pay issue unresolved since 1974. Under the provisions of the Health and Safety at Work Act, the management decided that all manual workers had to be laid off because of the lack of supervision.

Both yards are working on the Polish order, placed last February, for nine 4,400-ton bulk carriers and four 16,500-ton bulk carriers.

Commitment

Mr. David Couper, a senior Amalgamated Union of Engineering Workers' shop steward at Govan, who was also involved in the work-in during the Upper Clyde shipbuilders dispute seven years ago, said: "We have made a commitment to the Polish order and the British shipbuilding industry and nothing will prevent us from fulfilling that commitment.

"More than 95 per cent of the manual workers decided on Monday to work as normal after the instruction from management. The first ship is still on schedule and we are working as normal today.

"There are no problems of supervision and excellent liaison has been established with the technical staff. We have everything necessary to carry out production."

He said the workers were confident of being paid after the dispute ended.

In 1974 the foreman and under-managers won a 37-hour week but agreed to continue working a 40-hour week after being offered a special payment of £125 a year in lieu of shorter hours. But because of successive Government pay policies, the extra payment has been refused by the Department of Industry.

Last year the matter was referred to the national negotiations in the industry but these have not yet been finalised.

Public services action looks set to continue

BY PAULINE CLARK, LABOUR STAFF

BRITAIN is still faced with the possibility of prolonged disruption to public services in spite of hopes that the expected concordat today between the Government and the TUC will improve the climate for pay negotiations.

Continuing informal talks between local authority employers and unions, have produced little sign of any solution along the lines of the recent 16 per cent package pay offer to water workers.

Unions are still hoping that some kind of efficiency bonus coupled with a comparability scheme will provide a way out of the deadlock following their rejection of an 8.8 per cent pay offer.

Employers, were adamant yesterday that any such deal would have to be genuinely self-financing and would cost jobs. But the suggestion that a 6 per cent efficiency payment could cost around 60,000 jobs has already been dismissed by the public service unions as unacceptable at a time of high unemployment.

The practical difficulties of implementing such a scheme, are believed to have been emphasised in this week's exploratory talks.

Local authorities have no overall absenteeism problem to justify an attendance bonus along the lines of the water authorities offer.

Meanwhile, employers yesterday dismissed as impractical union proposals that extra cash for an improved offer to council workers might be found in local authorities reserves.

The Association of Metropolitan Authorities said that local authority underspending "exists nationally but not locally." Only a sudden fall in interest rates could produce spare cash in the short term and even this would not be available for the wage bill.

Water workers in the General and Municipal Workers Union and in the Transport and General Workers Union are expected today to vote on whether to follow the "strong recommendation" from union negotiators to accept a 9.05 per cent basic pay increase plus a 6.9 per cent efficiency bonus.

The National Union of Public Employees decided on Monday to put out the offer to its members with a recommendation to accept but a final result is not expected till early next week. Meanwhile, more than 500 water workers in Merseyside are continuing strike action because of the strings attached to an attendance bonus.

Striking Westminster dustmen yesterday agreed to remove rubbish from the streets in return for a promise by the City Council to pay bonuses for clearing the backlog. The National Union of Public Employees, however, said that this did not mean an end to industrial action by Westminster's public service workers. Normal working would not be resumed while the work was going on.

Ambulancemen in the West Midlands are threatening to step up industrial action following a Regional Health Authority ruling that bonuses and other special payments should not be made while emergency services only are being operated.

Elsewhere, Scottish members of the GMWU will today join the nationwide plan of stepped up action with an official strike by more than 100 refuse disposal workers in Glasgow. Cleansing departments workers in Edinburgh are also requesting union appproval for similar action.

UK banks criticised

BY MICHAEL LAFFERTY

THE UNITED NATIONS should make a wide-ranging study of the foreign exchange and Eurocurrency markets says a report on the international banking strategy of the UK clearing banks.

It is critical of a number of aspects of UK banking, but finds no evidence that the UK banks are seeking to exploit developing countries. The report has been prepared for the United Nations Centre on Transnational Corporations in New York by the Centre for Business Research at Manchester Business School.

One of the main points made by the researchers is that the area of international banking is not one where researchers "appear to be heartily welcomed." According to Professor Derek Channon, director of the Manchester centre, the clearing banks were not very co-operative. "They just clammed up when they realised the United Nations was involved, and that the research might be published," he said.

It also says that there is "an unfortunate lack of data" in some areas of UK banking. The most immediate need is said to be for a better analysis of bank lending and loan losses. While this data exists, the report finds it is not available in aggregate form.

"The U.S. requirements for disclosure would thus be argued as a minimum," said the report.

It is in the area of the banks' foreign exchange operations that the report makes its main recommendation. It wants a research programme set up to examine international foreign exchange and Eurocurrency markets. It would also cover the policies of the major international banks and multinational companies in managing their central funds.

At this stage, however, the researchers expect the following results:

- The foreign exchange markets have been growing rapidly, possibly as some power of the growth of the Eurocurrency market.
- The movement in money internationally between Eurocurrency financial centres is increasing extremely rapidly and international liquidity is rising accordingly.
- Speculation in foreign exchange among multinational companies is rife and increasing. Partly, this is forced on companies by country regulations, but some multinationals are likely to be treating their foreign exchange management sections as profit centres.

Professor Channon believes that the growth in foreign exchange operations and their interaction with the Eurocurrency markets is poorly understood.

The report concludes that matters will only get worse in this area: "New technological advances . . . are presently being developed which are likely to enhance the destabilising effects of this activity when coupled with the central treasury functions of major multinationals."

British Transnational Bank Strategy, The Centre for Business Research, Manchester Business School, Booth Street West, Manchester M15 6PB.

Jetsave in £25m air deal

JETSAVE, the low-fare transatlantic holiday operator, has signed a £25m contract with CP Air, part of the Canadian Pacific Group, for CP to provide Boeing 747s, DC-10s and DC-8s for flights between the UK and Canada in 1980 and 1981.

This is an extension of Jetsave's existing contract with CP Air, and will enable the UK company to continue to offer cheap flights between Gatwick, Manchester, Prestwick, Cardiff, Birmingham and Newcastle direct to Toronto, Vancouver and Montreal.

It follows a three-year contract, worth about £30m, signed recently between Jetsave and World Airways of the U.S., and brings to £55m (more than $110m), the Jetsave commitments for aircraft charters on the transatlantic routes.

Mr. Reg Pycroft, chairman and managing director of Jetsave, said yesterday he expected to see "an enormous boom in transatlantic holidays in the next three years."

This year, Jetsave expects to carry 225,000 passengers across the Atlantic, with fares from as low as £47.50 each way (£95 return), and all-in package holidays for as little as £175 for a week in New York.

Bookings are up 50 per cent on 1978, and Jetsave is predicting a boom year, with operating profits exceeding £2m.

Government rail grant for transport company

BY JAN HARGREAVES, TRANSPORT CORRESPONDENT

A SMALL Southampton-based transport company has become the first road haulage undertaking to profit from a Government grant to encourage the transfer of traffic from road to rail.

H. Young Transport, which owns 45 vehicles, will receive £100,000, which is half the cost of developing rail terminal facilities in Southampton and Glengarnock, Ayrshire, for handling the company's business.

Mr. Hamilton Young, managing director, said he had decided to withdraw the existing lorry service because in the long term rising fuel costs would make rail trunking cheaper and because of new EEC limitations on driving hours.

Under the terms of the EEC rules, the lorry driver's day will be reduced to eight hours by 1981, making a single-day lorry trunking operation between the South Coast and Scotland impossible.

Young Transport has two maximum-weight 40 ft lorries operating the service each day. The company carries about 10,000 tons of general goods a year.

The grant, made under Section 8 of the 1974 Railways Act, is the 63rd to be announced, taking the total financial commitment by the Government to more than £15m.

Most of the previous grants have been to industrial companies rather than transport operators. They are designed to encourage the transfer of freight from road to rail where there are environmental advantages in the transfer.

Lucas workers end sit in

SEVEN HUNDRED engineering workers yesterday ended a sit-in at the Lucas Aerospace factory in Wolverhampton.

Their decision to return to normal work means that shop stewards can start talks with the management on future job security at the Fordhouses plant.

The sit-in began 10 days ago. The company turned off factory heating and power, and stopped wages after the men refused to lift a ban on sub-contract work.

A meeting with the management is planned for tomorrow afternoon. Workers fear the company is putting jobs at risk by sub-contracting work, which they say could be done at the factory.

Disabled quota scheme is under review

BY PAUL TAYLOR

THE GOVERNMENT is reviewing the quota system which requires employers to employ a fixed number of registered disabled people.

The review, which is being handled by the Manpower Services Commission, is due for completion later this year.

Employers with staffs of more than 20 are obliged under the Disabled Persons (Employment) Act 1944 to employ a 3 per cent quota of registered disabled people.

In December it was estimated that even if the full 312,000 registered disabled eligible under the scheme found jobs the overall attainable quota would still be about 2.1 per cent.

One of the options facing the Government is to consider reducing the quota.

Within the civil service departments a total of 13,871 registered disabled—about 1.9 per cent of the total number of civil servants—are employed in addition to substantial numbers of non-registered disabled.

China mission to assess student needs

NINE BRITISH academics start a three-week visit to China on Thursday to assess the needs of Chinese students who are to study in UK universities and polytechnics. The visit follows arrangements made by Mrs. Shirley Williams, Secretary for Education and Science, when she visited Peking last summer.

Mason in Ireland talks

BY STEWART DALBY

THERE IS to be a meeting between Mr. Michael O'Kennedy, the Irish Foreign Minister, and Mr. Roy Mason, the Ulster Secretary in London today.

Ostensibly, the meeting with Mr. Mason, which should have taken place two weeks ago, but which was postponed because of bad weather, is one of a routine number of meetings the Ministers have three or four times a year.

However, in the light of the collapse of Mr. Mason's five-point plan for a non-legislative assembly and the promise of more seats for Ulster at Westminster, Mr. O'Kennedy may increase the pressure on Mr. Mason to try to break the political stalemate in the province.

What Mr. O'Kennedy will be seeking is an agreement from Mr. Mason that a start will be made towards setting up "agreed structures" for Northern Ireland.

What the Dublin Government means by agreed structures is that there eventually would be a quadripartite council of Ireland, involving the British and Irish Governments, as well as the two communities, Protestant and Catholic, in Ulster. The long-term goal of Mr. O'Kennedy's ruling Fianna Fail party is the re-unification of Ireland.

Mr. O'Kennedy will also suggest that the two Governments look at other forms of co-operation. This could involve consultations on a more regular basis. It would also embrace border schemes, which could possibly bring about the introduction of an all-Irish green pound.

Mr. O'Kennedy is also expected to see Mr. Airey Neave, the Opposition spokesman on Northern Ireland.

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Ulster security high on agenda

SECURITY will be among the topics discussed by Mr. Roy Mason, the Ulster Secretary, and Mr. Michael O'Kennedy, the Irish Foreign Minister, writes Stewart Dalby.

The Irish Government fully shares the view of the army and police leaders in Ulster that violence by the Provisionals could get worse again soon, and a British General Election could easily see a renewal of activity.

In Northern Ireland, the murder last week of a senior prison officer and his wife testifies to the Provos' ability to make the return to normal economic life difficult.

Security force officials in Belfast are convinced that numerous "sleepers" have been placed in various European capitals, particularly Brussels and Amsterdam. Any violence in these places, the argument goes, could mean that Britain's EEC partners will bring pressure on the Government to "do" something about Ulster.

The Provos' organisation is also tighter. The old leak-prone brigades have been broken up and replaced by four-man active service units. Often the four men know just four other people, their fellow unit members, and the man who gives them orders. The calibre of recruits has also improved. In fact, the Provisionals' command is being far more selective.

The result is that a typical unit man in Britain would be in his late twenties with little or no record, capable of withstanding the loneliness and other psychological pressures involved in a long stint in a foreign place. The total number of active Provisional men is now put at 250, far fewer than before.

The Provisionals have all the arms and explosives they need and with a total of £1.8m, taken in bank robberies in Ireland last year, are not short of cash.

The IRA has also tightened up its anti-interrogation techniques and it is noticeably harder to get suspects to talk. Under the Prevention of Terrorism Act, people can be held for seven days. Most suspects nowadays appear to be able to hold out that long.

The Provos are making better use of propaganda. The "H" Block campaign, where more than 330 almost exclusively Provos prisoners are refusing to wash or clean their cells, is a case in point. Police and army officers say they detect little sympathy for the campaign in Ulster.

One recent march attracted under 200 people, many of them relatives, it was thought. Yet in the U.S., because of skilful publicity, the "H" Blocks have gone across as a bad human rights abuse by the British authorities even though the prisoners' problems are self-inflicted.

No senior police or army officer one meets says that the laws should be changed, or that indefinite detention without trial should be re-introduced.

What they do say is that as the rules are those of a democratic society with all kinds of necessary checks and balances, then in security sense the Provos have been reduced to their minimum.

What is implicit in this is that there will have to be some unlocking of the political stalemate before the violence ceases.

Disarray over Civil Service strike plan

By Philip Bassett, Labour Staff

STRIKE ACTION next week by Britain's two largest civil service unions will receive no direct support from the other unions in the service. One union has advised its members to cross picket lines if necessary.

The Civil and Public Services Association and the Society of Civil and Public Servants have instructed their 285,000 civil service members to stage a one-day strike next week followed by a campaign of selective action at key establishments in support of their claim for full implementation of the results of an independent pay comparability study.

Members of the other unions in the staff side of the civil service National Whitley Council, which represents all 600,000 white-collar civil servants, say that the two unions have acted prematurely in taking action while negotiations were in progress.

Pressure is increasing from the other unions for co-ordinated action by the staff side if there is any discrimination against civil servants over pay which would bring the two big unions back into line.

The Institution of Professional Civil Servants, the third largest union, is instructing its 103,000 members to work normally. Mr. Bill McCall, general secretary, in a circular to the members, said: "That means that members should cross picket lines if any are established."

His union's members are being instructed not to take on the work of those grades taking "militant" action.

Teachers' pay

The 28 per cent pay claim by the National Association of Teachers in Further and Higher Education, which we reported on Monday, is being made on behalf of teachers in polytechnics and other colleges in the local-authority sector, not university teachers as was suggested by the report's headline.

Rail 'chaos' warning unless claim is met

BY PHILIP BASSETT, LABOUR STAFF

ASLEF, the train drivers' union, warned yesterday that British Rail faced "chaos," if the unions claim for a 10 per cent special responsibility payment was not met.

The union has already had four one-day national strikes in support of its claim, and drivers on British Rail's Southern Region are threatening an unofficial strike a week today.

Mr. Ray Buckton, general secretary, was presenting the union's claim to the Railway Staff National Tribunal, chaired by Lord McCarthy, lecturer in industrial relations at Nuffield College, Oxford. The same tribunal broadly rejected the ASLEF claim when it heard the case last year.

Mr. Buckton said he had no doubt that, if a payment of 10 per cent was not forthcoming for all footplate staff, then in future changed working methods would not be accepted without a prior agreement on payment for them.

Each time local management wanted to change a method of working, ASLEF members would refuse to do the work unless it was specifically paid for.

He said such minute local bargaining would be certain to cause chaos. "It needs little imagination to picture the disruption to train services that will follow if, each time management asks a member of the footplate grade to make some alteration to his agreed diagram, that person says, 'Well, how much will you pay me for it?'"

Mr. Sid Weighell, general secretary of the National Union of Railwaymen, which wants an across-the-board productivity payment for all railway workers, said there were fundamental differences in policy between the rail unions. At the heart of the problem, though, was a failure by the British Railways' Board to adopt "a consistent and coherent strategy."

Amalgamation move 'yes' by engineers

BY ALAN PIKE, LABOUR CORRESPONDENT

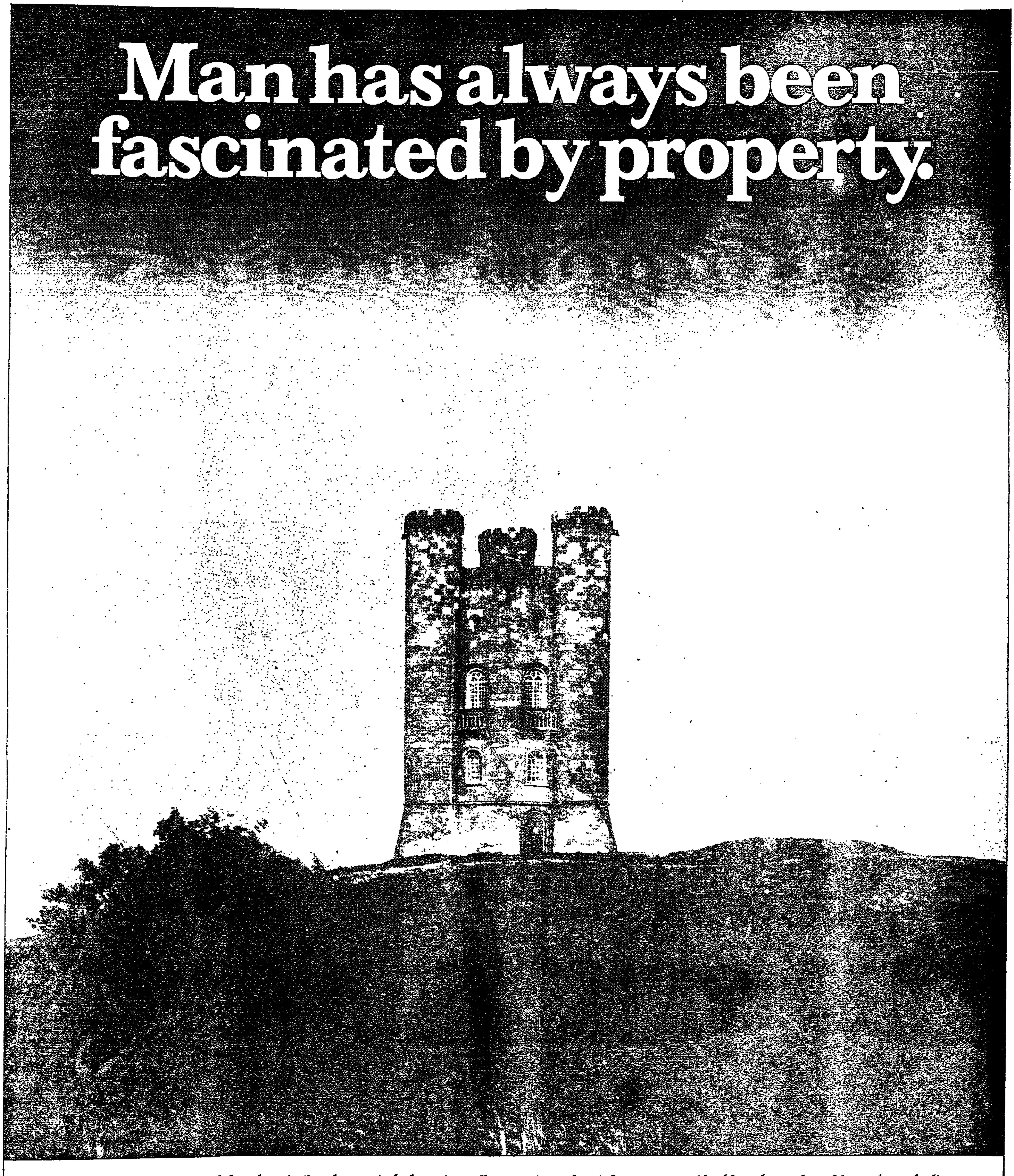
THE Amalgamated Union of Engineering Workers yesterday cleared the way for a break in the long deadlock over the amalgamation of its four sections with a move which may have profound political implications.

Members of the union's engineering section national committee agreed to a change of rule which will enable the section to absorb three AUEW divisions on a transfer of engagements basis under the Trade Union Amalgamation Act.

Leaders of the other three sections—for foundry, construction and white collar workers—are being called to a meeting next week at which they will be invited to complete the amalgamation on the basis of the proposals endorsed yesterday. But only the foundry section is likely to agree to the move.

Yesterday's national committee meeting approved by 30 votes to 22 a resolution recognising that the failure of the AUEW to complete the full amalgamation of its four semi-autonomous sections was inhibiting possible mergers with other engineering unions.

The committee authorised the engineering section executive to take steps to bring about a new amalgamated structure on the basis of previously agreed proposals "amended to provide for the election by ballot voting of the membership in each section of all the present and future full-time officials."



From time immemorial people have been intrigued by property. They've worked for it, fought, married and even gambled for it. Most of us work in factories or offices. The goods we use are produced, stored and sold in 'property.' Billions of pounds are invested in it. It's so taken for granted that it's easy to forget what a fundamental part of our lives it really is.

The most important aspect of property that people are personally involved in is, of course, their home. Whilst the single most important reason for choosing a particular home is usually convenience, there is for most of us the desire to own something splendid in the country–house, cottage or even folly. The combination of both is possible for a few. Hampshire is a fine example of this. But equally appealing houses and cottages are to be found in other counties at prices which are substantially less; Dorset and East Anglia are two good examples.

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UK NEWS—PARLIAMENT and POLITICS

Joseph attacks 'lethal industrial alliance'

BY JOHN HUNT

THE "lethal aliance" between the Labour Government, the Labour Party and the trade union movement is a "mill-stone dragging the country down" Sir Keith Joseph, the Conservative industry spokesman, claimed in the Commons last night.

Attacking the Government's adherence to industrial subsidies and nationalisation, he described Labour backbenchers as false prophets preaching "adversary economics."

He conceded that there might be a case for short-term subsidies to enable a particular company to put its house in order.

But the policy of wholesale and indiscriminate subsidies of the present Government was totally wrong and damaging.

Sir Keith was opening a debate on a Conservative motion which deplored the Government's "disastrous" industrial policies on the grounds that they had "stifled enterprise, destroyed the hope of new and worthwhile jobs and left the nation poor and divided."

But the allegations were vigorously denied by Mr. Eric Varley, the Industry Secretary, who described them as "a crude and untruthful caricature of British industry today."

He said that the Tories had "carped and criticised" at all the measures of industrial assistance which the Government had brought forward.

Mr. Varley criticised Sir Keith for his reorganisation of the National Health Service in the Heath Government of 1970/74 and said that he had been "the arch creator of unwieldy bureaucracy."

He also pointed out that Sir Keith—who was now against Government subsidies — had supported Government intervention in industry when he was a member of the Heath administration.

"The mind boggles at the havoc he would create if let loose on British industry," he declared.

Mr. Varley moved an amendment welcoming the general objectives of the Government's industrial strategy and the way in which the NEB and the regional agencies have promoted industrial ventures.

The amendment claimed that Government policies had fostered the growth of micro-electronics and had eased difficulties in steel, textiles and shipbuilding.

Opening the debate Sir Keith said that Labour had always taught that employers were the class enemy and that unions could ignore the customers and the need for enterprise and profit. They had taught workers to resist efficiency and insist on overmanning. But now the chickens were coming home to roost.

This was illustrated by the fact that in the 15 years from 1963 to 1978 the average male's net weekly income had only risen in real terms from £15.33 to £18.53—an increase of a mere 19p a week each year.

According to Sir Keith, Britain's industrial decline had accelerated steadily over the past five years. Production was the same in 1978 as in 1973, yet pay had doubled over the same period. He saw this a a disastrous judgment on Labour's policies.

Profits had also fallen catastrophically in real terms, industrial confidence was low and there were rising worries about liquidity as a result of inflation and strikes.

He admitted that investment had held up surprisingly well but stressed that it could only be made at the expense of consistent overmanning.

Labour Ministers failed to understand the sort of climate that was needed for high levels of employment and a rising standard of living.

"They give positive virtue to State spending," he complained. "They actually judge their virility and quality by the amount of taxpayers' money they spend."

He went on to accuse the Government of indulging in excessive borrowing, but this brought jeers from Labour backbenchers who reminded him of the record of the last Tory Government.

Sir Keith, however, admitted: "There are lessons to be learned from what has happened in the past. We have learned that lesson."

The extent of Government borrowing and the burden on the British taxpayer was almost unique. The Government had learned the bare essential of monetary discipline but private industry had had to bear the entire shock of the contraction in money supply.

As a result, the private sector was being strangled while the public sector continued its lavish use of resources without the discipline of a profit and loss account.

Increased nationalisation, subsidisation and politicisation of business led to a very unhealthy climate. Often the attitude of the public sector and subsidised industries was "take it or leave it, we shan't suffer. Our jobs are secure."

The Government hope was that subsidies would provide full employment and rising living standards but in fact they achieved the opposite. It was an illusion that the little "Neddies." the sector working parties, the National Enterprise Board and planning agreements, could replace the vitality lost by overtaxing, over-regulation or uncomprehending trade unions.

Yet Labour still put out "the same poison." Our real problems lay in low output and failure to adapt, resulting in low pay and low profits.

Oppenheim speech

In the report on the Price Commission (Amendment) Bill in yesterday's edition, it was incorrectly stated that Mrs. Sally Oppenheim, the Tory shadow prices secretary, had said that the position of the Opposition front bench on the Bill was now in direct contradistinction to what it was when the legislation was introduced.

Mrs. Oppenheim in fact that that the position of the Government front bench was now in contradistinction to the Government's original stance on the Bill.

Cash for heritage

By Richard Evans, Lobby Editor

A NATIONAL Heritage Fund is to be set up to reinforce the Government policies for maintaining the country's heritage, including historic buildings, the countryside and major works of art. It will replace the existing National Land Fund.

Mr. Joel Barnett, Chief Secretary to the Treasury, announced the changes yesterday in a White Paper responding to recommendations of the Commons expenditure committee to remove limitations on the functioning of the 32-year-old land fund.

He said the change represented a major step forward in preserving and developing all that was best in the country's heritage.

The intention is to introduce legislation to establish the new body by April 1, 1980.

European courtship

BY PHILIP RAWSTORNE

A £1.1m PROGRAMME was launched yesterday to provide British voters with factual, non-party information about the European Parliament elections to be held on June 7.

Organised and funded by the European Parliament and the EEC Commission, the campaign is designed to encourage a high turn-out of voters for the Common Market's first direct election.

The programme is due to run for three motnhs and will end before the start of the political campaign. If a general election should be called during this period, the programme will be suspended.

To avoid confusion, the programme will not begin in Scotland and Wales until after the devolution referendum on March 1.

Ashley A...

Premier and Prince: Callaghan greets his Royal pupil.

Prince takes lesson

BY COLLEEN TOOMEY

PRINCE CHARLES "clocked-in" at 10 Downing Street yesterday morning to spend a day observing the wheels of power at work.

The Prince's visit was part of a programme organised to give him an insight into Britain's political, industrial and City functions.

He spent the day shadowing Mr. Callaghan, who was dealing with routine papers, seeing Ministers and presiding over Ministerial meetings.

It was Prince Charles' second visit to Number 10, but the first time he has ever attended meetings, and the first time a member of the Royal family has done so.

One of the main items of discussion on the agenda yesterday by the Cabinet's main economic committee was on what to do with the remaining two Concordes that the Government owns.

Among those involved in discussion were Mr. Denis Healey, Chancellor, Mr. Joel Barnett, Chief Secretary to the Treasury, Mr. Merlyn Rees, Home Secretary, and Mr. Michael Foot, Leader of the Commons.

British Caledonian, the private airline, is keen to inaugurate a Concorde route from Gatwick to Atlanta, Georgia. The other aircraft may be allocated to British Airways.

Ministers were deciding the allocation of financial aid in the event of launching the British Caledonian service.

After a working lunch with Mr. Foot, Mr. Roy Hattersley, Prices Secretary, and Mr. Peter Shore, Environment Secretary, Prince Charles went with the Prime Minister to the House of Commons.

There, in the distinguished peers gallery during Question Time, he saw the fruits of the morning's preparations.

During Prime Minister's Questions, Prince Charles was the subject of an exchange between a Tory Member of Parliament and the Speaker of the House.

Mr. Robert McCrindle (C. Brentwood and Ongar) rose during Prime Minister's Question Time to say how pleased he was that Prince Charles had been spending the day with Mr. Callaghan. He went on to ask Mr. Callaghan whether he had made the invitation yesterday in case he was no longer Prime Minister after the next election.

As Prince Charles sat impassively in the peers gallery with Lord Peart, the Lord Privy Seal, other MPs called Mr. McCrindle to order.

Unhappy families

A MOVE to allow a man to marry his step-daughter was not a "radical, moral or social revolution," a Labour peeress told the Lords yesterday.

Baroness Wootton asked peers to support the second reading of her Marriage (Enabling) Bill and show compassion to people related by marriage who were not allowed to marry.

She discounted the "hypothetical," argument that a change in the law would encourage a man to "cast lustful eyes on his step-daughter while still married to the mother."

It was also unlikely that he would want to marry his step-daughter to inherit money from her father.

For the Opposition, Viscount Long urged the Bill to be withdrawn until a tribunal of inquiry had looked into the kind of hardship the family was facing on these matters.

The Bill was given a second reading by 58 votes to 43.

Mulley hedges over tanks

MR. FRED MULLEY, the Defence Secretary, yesterday refused to be drawn on whether the Government would take over the contract for the new Shir tank for Iran, which is being built at Leeds.

The contract, with logistical support, is worth an estimated £500m.

Mr. Mulley told the Commons the Government was watching developments in Iran closely, but in present circumstances it was difficult to predict the future course of Britain's defence relations.

Sir Ian Gilmore, Tory defence spokesman, said that difficulties over defence contracts with Iran could have extremely serious employment implications for Britain.

"Unless the Government is prepared to take the Shir tank for the British Army, will not this mean closure of ROF Leeds?"

Further support for the Government to take over the contract came from Mr. Emlyn Hooson (L., Montgomery), who said the tank should be supplied to BAOR, which was at present equipped with out-dated tanks.

Mr. Mulley said the Shir tank was particularly designed for the conditions in Iran,

He did not think the question of closing ROF Leeds should arise.

"But in these extremely complex contractual negotiations, and until we can disentangle some of the complications about cancellation charges, it would be premature to make an announcement now."

Callaghan calls for impartial pay advice body

BY IVOR OWEN

ON THE eve of the new concordat between the Government and the TUC being unveiled, the Prime Minister told MPs yesterday that he favours the establishment of an impartial body able to analyse the economic prospects and offer advice on comparability and relativity problems in wage bargaining.

Tory MPs were again openly sceptical about the value of any new agreement and Mr. Callaghan carefully avoided giving any precise indication of the success so far achieved by Ministers in their talks with TUC leaders.

After emphasising that the results achieved by free collective bargaining were "not very satisfactory," he said: "Initially, I would like to see an analysis made, both between the Government and all interests concerned —unions, employers, managers and anybody else—of what the economy can do, and what are the likely consequences for wages, investment and consumer expenditure."

Mr. Roderick MacFarquhar (Lab, Belper) suggested that the problem of "leapfrogging" in wage settlements could be overcome if all public sector claims were settled on a common date and in an interated manner.

This led Mr. Callaghan to reiterate that there was a need for some continuing arrangement to enable public service employees to receive fair treatment, while at the same time avoiding leapfrogging claims.

The mood of scepticism on the Opposition benches was highlighted by Mr. Neil Marten (C., Banbury) who asked: "When do you see and end to your winter of confrontation?"

Mr. Callaghan replied: "There is no confrontation that I am aware of." He ignored the jeers of Tory MPs and insisted: "It takes two to effect a confrontation."

He contrasted his position with that of Mrs. Margaret Thatcher, who had declared that she would "confront anybody."

"As far as I am concerned, the best thing for this country is to try to secure the support and agreement of the people. That is the right way forward," said Mr. Callaghan.

Tory MPs cheered Mr. Nicholas Ridley (C., Cirencester and Tewkesbury) when he recalled Labour's earlier social contract and claimed it had given the unions long-term privileges in return for guarantees of "what might be called industrial peace in our time.

"As there have been 34 days of industrial chaos since your return from sunny Guadeloupe, would you eschew entering into a concordat with the TUC?" he asked. "Why don't you stop feeding the hand that bit you?"

Mr. David Steel, the Liberal leader, pointed to the similiarities in the proposals made by some union leaders in the document, A Better Way, and some of the proposals published by the CBI.

Priority urged for exam pupils

CHILDREN facing public exams this year should get priority treatment from councils coping with the school caretakers' strike, Mrs. Shirley Williams, Education Secretary, urged in the Commons yesterday.

Mrs. Williams said that she had met representatives of the 12 authorities which had been hardest hit or threatened.

"I asked them to make every effort to keep schools open and where this proved impossible to take immediate steps to mitigate the consequences of closure of schools on children's education, particularl yon young people in the examination years."

The Education Secretary, who was answering an emergency question from Mark Carlisle, Shadow Education Secretary, also said most authorities were managing to give some education to pupils sitting public examinations this year.

She recalled that at the outset of the dispute she had asked unions to protect these classes but they had been unwilling to do so.

"It is my aim to get education restored as soon as posible and those taking public examinations this year deserve priority," she said.

Mr. Carlisle said that the dispute, in a run-up period to public exams, which could result in failure, or failure to do well, might mean children were affected for the rest of their lives.

"Such action at best is totally unacceptable."

Dealing with further points Mrs. Williams said she was very anxious that there should be a satisfactory agreement with unions but that was not the same as meeting any claim which might be made.

"We must consider the effects of inflation on the nation as a whole."

She paid tribute to the teachers and heads who were dealing with very difficult conditions.

"But it would be dishonest to pretend that studying for exams in church halls is any substitute for studying for exams in schools."

She appreciated the efforts made by one of the unions in the North East which had enabled schools to be opened for children taking exams.

She wished the same attitude could be taken in London where three authorities had so far not been able to get children in exam years into schools.

In the Lords there were angry calls for Mrs. Williams to use her legal powers to force local authorities to keep their schools open.

For the Liberals, Lord Byers said: 'She has a statutory duty to provide education in all areas.

"This is a matter where a mandatory injunction should be brought against those that are preventing the teaching of children.

"What sort of people are those in the public service unions who prevent children taking exams that will affect them for the whole of their lives?"

For the Conservatives Lord Hailsham a former Education Secretary, also urged Mrs. Williams to use her legal powers.

For the Government, Baroness David said Mrs. Williams was satisfied she had no need to use her "powers of default." She would see to it that these children suffered as little as possible.

Plaid Cymru adopts cautious approach to Assembly

Freddie Mansfield

Campaigning MPs: Mr. Wigley, Mr. Evans and Mr. Thomas.

THE Welsh nationalist party, Plaid Cymru, is playing a somewhat low-key role in the Welsh Assembly referendum campaign, considering that it is the party which many would regard as the catalyst of the Government's Welsh devolution plans.

Whereas the SNP in Scotland has launched its own separate Yes campaign and trumpeted its intentions for after the Scottish Assembly is in place, Plaid has chosen to put its weight behind the all-party, but Labour-dominated Wales for the Assembly Campaign (WAC).

What is more, WAC's mainly Labour, Liberal and trade union spokesmen are insisting that a Welsh Assembly is nothing to do with nationalism and seperatism, but all to do with democratising the bureaucracy and nominated bodies now running Wales, updating the UK constitution and giving Wales a strong voice and bargaining power in the fight for jobs and resources.

Most members of Plaid Cymru would not disagree, although strong voices were heard at the party's conference last October urging activists to have nothing to do with what was condemned as a Labour sop towards Welsh national aspirations.

The Welsh Assembly, unlike the Scottish, will have executive powers only. Legislative power over Welsh affairs will remain in the hands of Westminster.

In the event, this internal dissent was defeated and Plaid is now urging its members to support the umbrella campaign and contribute to its funds—on the grounds that the Assembly will bring about an improvement in the government of Wales.

At the same time, Mr. Dafydd Williams, Plaid's general secretary, stresses that the party still regards it as primarily the Government's job to see its devolution policy through.

Plaid cannot really do otherwise. Unlike the North Sea oil-fired 30 per cent Nationalist vote in Scotland at the last general election, Plaid secured the support of less than 11 per cent of the Welsh electorate.

Labour's share of the vote on the other hand was nearly 50 per cent and, if the latest opinion poll in Wales is to be believed, support for Labour stands at about the same level today, despite the Government's industrial difficulties.

That said, a Welsh Assembly will obviously represent an important advance towards the idea of a self-governing Wales for which Plaid has campaigned for 53 years.

The anti-assembly campaign, naturally, is missing no opportunity to point this out, though Gwynfor Evans' Plaid's president since 1945 and MP for Carmarthen, stresses that the Assembly will take Wales no further down the road towards full self-government—independence or separation are not part of Plaid's vocabulary—than the Welsh people themselves want to go.

Plaid Cymru, which means simply Wales Party, was founded by six men meeting in a cafe in Pwllheli in 1925, during the week of the Royal National Eisteddfod.

In its early years, it was dominated by one of Wales's most distinguished writers and dramatists, Saunders Lewis, an austere, de Gaulle-like figure who was—and now, in his eighties, still is—wholly preoccupied with the Welsh nation's cultural survival. In a famous broadcast in 1962, he declared that the survival of the Welsh language was more important than self-government and could be achieved only by revolutionary means.

This challenge inspired the setting up of the Welsh Language Society and the notorious direct action campaigns against road signs and television transmitters which followed.

Saunders Lewis evidently intended Plaid Cymru to take up his call, but Gwynfor Evans, who is a staunch pacifist, insisted that Plaid should stick to a constitutional path towards self-government.

Four years later, his decision seemed vindicated when he transformed the face of Welsh politics by winning the 1966 Carmarthen by-election, caused by the death of Lady Megan Lloyd George.

As the diaries of the late Richard Crossman make clear, it was this victory, and the close run which Plaid gave Labour in the Rhondda by-election the following spring and Caerphilly a year later — rather than the SNP's breakthrough at Hamilton — which prompted Harold Wilson to establish the Crowther, later Kilbrandon, commission on the constitution — the foundation of the Government's devolution proposals.

In 1970, the Welsh nationalist tide appeared to recede and Labour recaptured Carmarthen. But Gwynfor Evans was back again in October, 1974 with a comfortable majority, after losing by three votes in February.

This time, he had along side him two talented young members of Plaid, Dafydd Wigley, MP for Caernarfon, and Dafydd Elis Thomas, MP for Merioneth. They are two of a whole generation of young Welshmen who became active in the party in the heady Welsh political atmosphere of the late 1960s, when Plaid's strong by-election showings were taking place against a general background of protest. There was growing militancy over preserving the Welsh language, manifesting itself in the blowing-up of water supply pipelines to England. Prince Charles' investiture was, to nationalists, a symbol of Wales' subjugation by Edward I.

Given the Welsh political tradition, it is not surprising that Plaid's ideological spectrum (and internal tensions) has more in common with that of the Labour Party than that of the more right wing SNP.

This explains why the Government has enjoyed more generous support from Plaid's three MPs during the present Parliament than from any of the other minority parties.

The major differences are the importance which Plaid attaches to the Welsh language and culture as the key ingredient of Welshness, and its belief that Wales' problems cannot possibly be solved from London within the context of the British nation state, but only through full self-government.

Whatever the outcome of the St. David's Day referendum, Plaid shows every sign of being around for a long time to come.

Viscount attack anger

BY IVOR OWEN

THE PRIME MINISTER and Mrs. Margaret Thatcher, the Opposition leader, joined in the Commons yesterday in condemning the shooting-down of the Rhodesian Viscount airliner in which 59 people died on Monday.

"There can be no excuse and no sympathy for those who shoot down civilian airliners," Mr. Callaghan declared.

This is a barbaric act, the latest of a series of barbaric acts, which I regret to say have not been confined to one side."

Mrs. Thatcher put the blame on the Patriotic Front and stated that the Opposition wholly and utterly condemned such a "callous act."

With suport from Tory backbenchers, the Opposition leader went on to question the Government's attitude to recent political developments in Rhodesia, particularly the outcome of the referendum, which she described as "one of the most heartening results we have had for a very long time."

This showed, said Mrs. Thatcher, that the white Rhodesians welcomed and wanted black majority rule.

She urged the Prime Minister to do everything possible to ensure that the elections due to be held in Rhodesia in April took place in as peaceful conditions as possible, and suggested that observers should be sent from Britain.

Mr. Callaghan reaffirmed the Governments view that the best way forward in Rhodesia lay in Mr. Ian Smith and the African leaders associated with the internal settlement getting together with the leaders of the Patriotic Front and bringing the fighting to an end.

Neither side had the capacity to secure a victory, he said.

It was not within the Governments power to ensure that the elections were peaceable.

Bitter Labour division exposed

THE DIVISIONS within the Welsh Labour Party over the Government's devolution proposals are becoming more exposed as the Welsh Assembly campaign advances towards the March 1 polling day.

Six Welsh Labour MPs are campaigning actively against the official party line and late on Monday night bitter scenes ensued at a meeting addressed by Mr. Merlyn Rees, the Home Secretary.

Several anti-devolutionist Labour councillors were ejected after seizing the platform and launching a bitter attack on the Labour-Wales TUC pro-devolution stance.

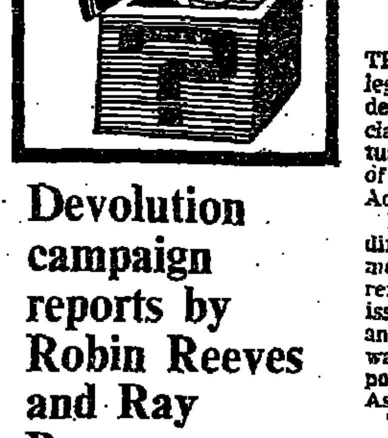
The Labour Party was accused of playing into the hands of the nationalists, with Mr. George Wright, general secretary of the Wales TUC, and the Transport and General Workers' Union Welsh secretary, being singled out for special attack.

The councillors declared that he and other unions had foisted the devolution policy on the party through their block votes at Welsh Labour Party conferences.

However, Mr. Wright hit back in Cardiff yesterday, warning that Labour's anti-Assembly campaigners could not only bring a No vote but the downfall of the Government.

"We shall never forget or forgive anyone inflicting on us a Government led by Margaret Thatcher which would introduce anti-trade union legislation," he declared.

In his speech, Mr. Rees said his experience of Northern Ireland led him to believe devolution would work well in Wales. Westminster was a "theatre" where fine speeches were made but there was little attention to detail. The Welsh Assembly's proposed committee system would do this.



Devolution campaign reports by Robin Reeves and Ray Perman

Leaflet mistakes alleged

THE Labour Party is taking legal advice over an anti-devolution leaflet which it claims contains six major factual errors about the provisions of the Government's Scotland Act.

Mr. Gordon Brown, who is directing the Labour movement's Yes campaign for the referendum, said that material issued by Scotland Says No, the anti-devolution umbrella group, was misleading voters about the powers of the proposed Scottish Assembly.

The party had evidence that some companies were distributing the leaflet to their workers through pay packets, he added.

"The leaflet, directed at a variety of occupational groups, wrongly claims that the police, the Post Office, the Civil Service, agricultural colleges and sea fishing within a three-mile limit are being devolved. They are not," said Mr. Brown.

"It also claims wrongly that the Assembly can introduce a local income tax. More than 400,000 leaflets have apparently been published, also stating that Westminster's representation is likely to be cut.

"We are seeking legal advice and I have written to Scotland Says No calling for withdrawal."

Mr. Hew Carruthers, campaign manager of Scotland Says No, denied that the leaflet was misleading and said there were no plans to withdraw it.

The Scottish Assembly would automatically mean more government and more bureaucracy, as the leaflet claimed. It was reasonable to assume that it would one day want to raise its own taxes.

Mr. Adam Fergusson, one of the campaign organisers, said the Government's own ministers had made it clear that an assembly would mean loss of Scottish influence

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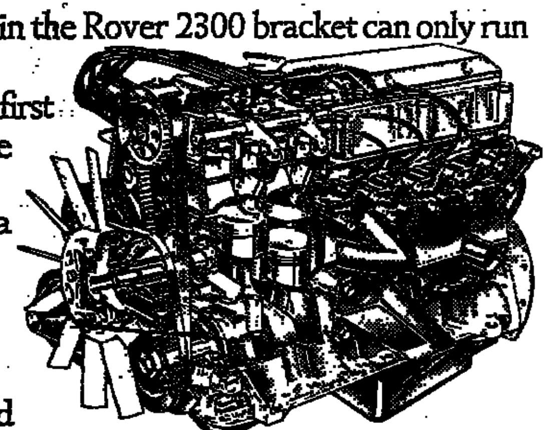

The Rover tradition of driver and passenger comfort plays a big part in the 2300's attractions. Quiet luxury for 5 adults, lots of legroom, a precisely adjustable steering column and thoughtful features like a quartz fascia clock and a push-button radio.

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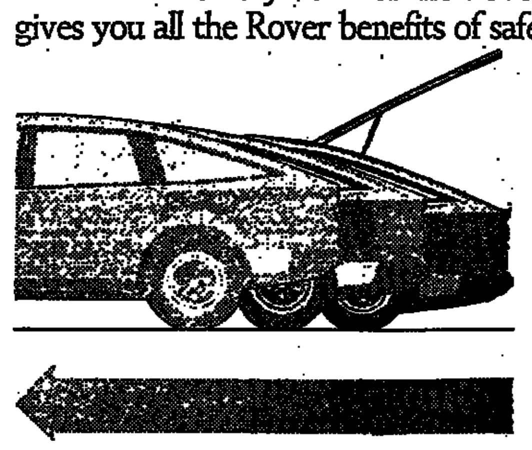

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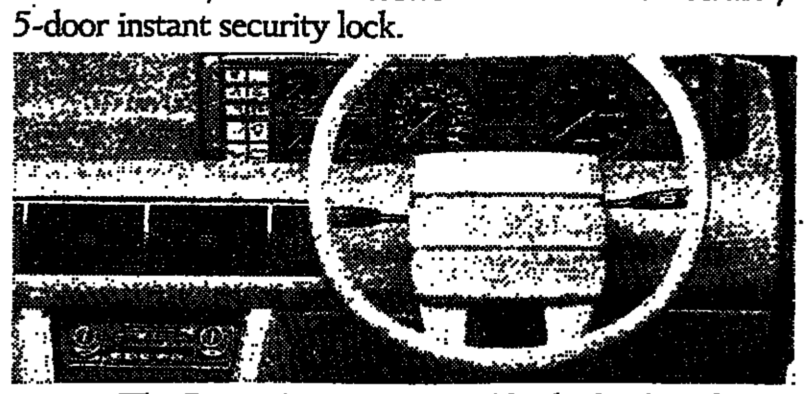

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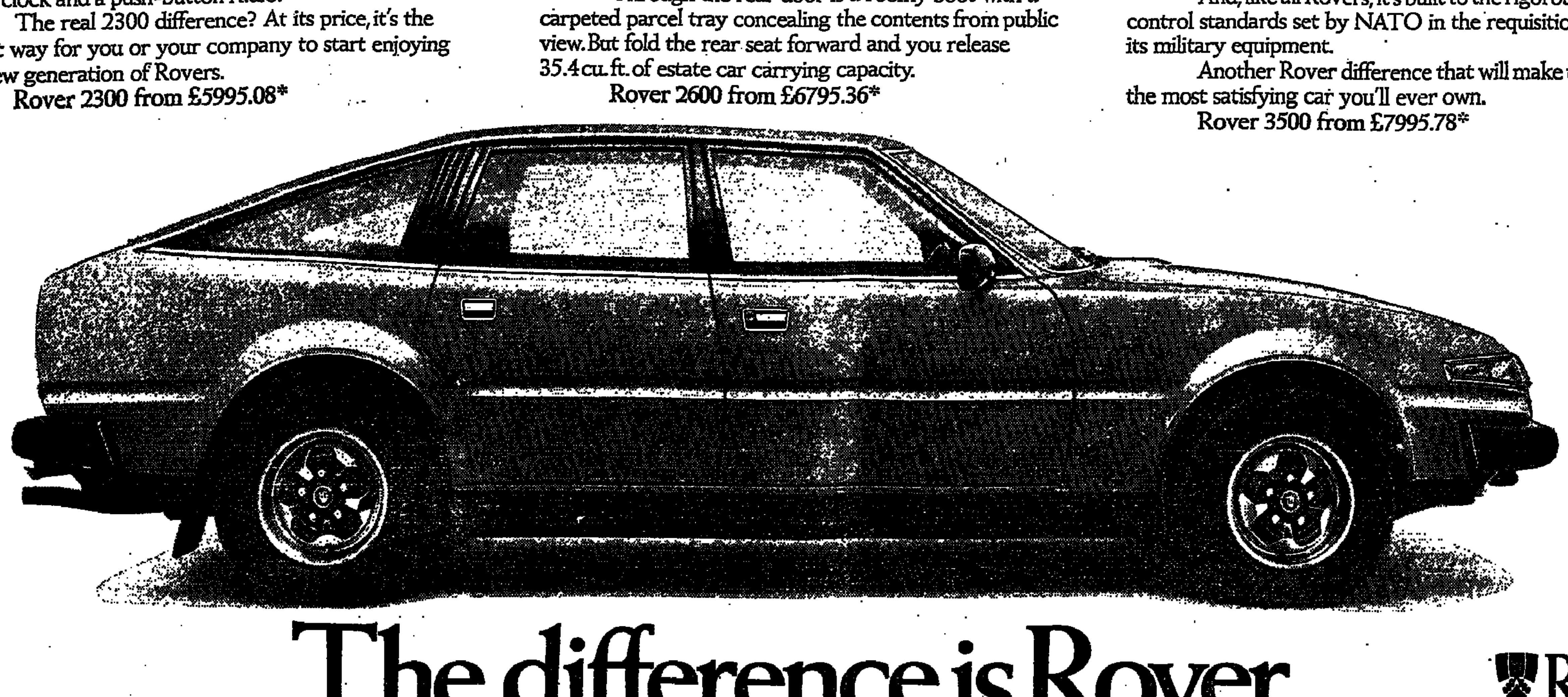

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● CONSTRUCTION

Fuel bills cut to one quarter

HARD on the heels of the U.S. announcement that home-owners can get tax credits up to £1,100 for installing solar equipment, comes the award of a first prize at the UK Energy Show at the NEC in Birmingham to a group of designers and scientists for their design of a dwelling-house which will have heating costs less than one-quarter those of the typical British house—thanks largely to clever use of solar heating and energy recovery.

Ambient Energy Design partnership is the name of the group and its design is applied to a terrace of houses of standard size but with some innovations of considerable importance in attaining the desired effect.

Walls are of cavity construction with an internal lining of insulation. They can, if required, be filled with a foam or other insulant for added heat retention.

The double-glazed units used also have a thin infra-red reflecting film stretched invisibly between the two panes. This reduces heat loss to one-fifth of that experienced with ordinary single panes. It also allows large areas of glass facing south to capture more heat than is re-radiated during most of the winter.

Multi-layer roll shades provide further protection from heat loss during the night.

The first storey wall and the roof section which face south are made of a low-cost air-heating solar collector. This replaces the wall and the roof cladding and air rising through it is heated, even on not so bright days in winter. The necessary topping-up comes from a heater coil from the boiler and the warmed air is distributed throughout the house.

In very sunny conditions, the hot air is used to warm up a tank of fist-sized rocks in a bin under the stairs and this energy is then available for extraction during the night.

Each house would have a conservatory, which would play an integral part in solar energy capture. At the same time, the fossil fuel boiler would be so small that a whole year's supply of fuel could be kept in an internal store.

It is suggested that a heat recovery unit should be incorporated to extract warmth from outgoing stale air.

Many of the departures from traditional design could be incorporated in existing houses undergoing renovation.

The design team claims its ideas would result in a structure with cost "not more than a few hundred pounds" above the Government cost-yardstick. Its suggested layout would easily be applicable to small industrial and agricultural buildings.

This is the Partnership's third award in this area of effort in three years. Meanwhile, members of the group, Dr. John Littler and Randall Thomas, research workers in the University of Cambridge, have published a short book summarising their approach to building design. It is entitled "Ambient Energy Design—House heating for the 1980s" and it is not aimed solely at new constructions. Those who live or work in older properties will find it of considerable interest and while the economies in this instance cannot be so great, much can be done to cut fuel bills without great capital expenditure, by methods it suggests.

AED is at 36 Apthorpe Street, Fulbourn, Cambridge CB1 5EY. Cost is £1.50. Tel: 0223 880518.

● OFFSHORE INDUSTRIES

Liquefied gas handling plan

HELPING TO open the way to the exploitation of the North Sea's marginal gas fields is a Franco-German project to develop a high reliability offshore loading system to transfer liquefied natural gas or liquefied petroleum gas (LNG and LPG) from floating offshore terminals to methane tankers in difficult North Sea conditions.

This project is expected to cost just under £1.5m and the European Commission has awarded it 40 per cent financial support.

Project leaders are FMC Europe's Petroleum Equipment Division (Sens, France) and Salzgitter and its offshore crane manufacturing subsidiary, PMS (Peine, Germany).

Aim of the loading system is to cut out the need for expensive pipe installations and it will be independent and adaptable to field conditions to exploit small reserves economically and collect the large amounts of gas which are now being flared off — a total waste.

Development should be completed by the end of 1980 and the first loading systems operational with oil companies by 1981-82. Project leaders say that 60 per cent of the estimated gas reserves in the North Sea below latitude 62 degrees can only be exploited economically by such a system.

Methane tankers are in service and the technology of floating liquefaction plants is well on the way. There remain the transfer techniques, which are now being tackled.

FMC is to develop a system based essentially on loading arms of its Chiksan type, which it is building in sizes from 6 ins to 24 ins. Some 200 of these are already in use on transferring LNG.

Salzgitter is developing a marine crane which will support the loading arms and be able to cope with wave heights up to 20 metres.

Dry break protection will be built into the system.

Spots the platform hazards

CUTTING a niche for itself in the North Sea production platform safety business is GP-Elliott Electronic Systems, formed in 1968 and now a £2m turnover private company employing 75 people.

The Merton, South London company specialises in the "disciplined" shut-down of oil and gas production platforms with equipment, based on triplicated microprocessors, that will make sure that production is not lost for inadequate reasons if an *operational or technical problem* arises.

A pressing reason for this kind of equipment to-day is that a platform can be producing £1m of product daily, so that lengthy shut-downs are a serious matter.

On the other hand, warning signals have to be properly recognised to avoid plant damage, and the latest eqipment from the company keeps a continuous eye on pipe line pressures, temperatures, turbine and pump and amospheric conditions, examining up to 100 sensors and taking actions when needed with the aid of three microprocessors.

All the information is brought up on panel displays employing light emitting diodes, and it is possible to test both the input circuits to the unit and the logic circuits themselves by employing isolation keyswitches, avoiding any interference with the platform operation.

If a fault occurs on the platform, the equipment makes a decision by means of a "two out of three" electronic voting system, making it almost impossible for there to be any mistake. Even if one of the micros fails, the remaining two have to agree before action is taken.

For any particular platform problem, or combinations of problems, an output sequence will occur to shut all or part of the plant down in an orderly manner.

The beauty of the microprocessor approach is that these sequences can be programmed *to be exactly what each platform* requires and changes can be made without any alteration to hard wiring.

Value of these installations is in the £½m region, and the company has already won its first order from Texaco North Sea UK for the Tartan platform.

● RESEARCH

University's satellite project

FUNDING AND man-hours permitting, Surrey University backed by a number of UK companies hopes to build Britain's first amateur satellite for sending into orbit in 1981.

The £150,000 project will be the ninth of its kind under the *feneral auspices of the inter*national Amateur Satellite Corporation. The other eight were all in the OSCAR series (orbiting satellites carrying amateur radio) and were built internationally by radio amateurs in the U.S., Germany, Canada, Japan and Australia. Most have been concerned with extending the range of vhf and uhf transmissions.

Surrey's craft has different purposes: to provide engineering students with practical experience in developing an inexpensive spacecraft programme, and to orbit high frequency radio beacons that will enable amateurs to study the effects of the ionosphere on such signals. It is also hoped to stimulate a *greater interest in such sub*jects in the schools, colleges and universities.

● SECURITY

Thwarts bicycle thieves

IN GREATER London area only, almost 19,000 bicycle thefts were reported last year. Many more, throughout the UK are "borrowed" *or stolen, and* some owners do not even bring *the thefts to the notice of the* police—the latter, admitting *that there* is very little hope of recovering the vehicles.

Latest solution to the problem comes from the Massachusetts Institute of Technology which has introduced a safeguard made of special alloy material, hardened by a process which it believes makes the lock, called the Citadel, stronger than any others of conventional materials.

Unlike simple case hardening, where only the thin outer layer of material is hardened, the lock's half inch bars are hardened throughout. Further security is provided by a double locking mechanism that positively locks each end of the shackle, says UK distributor, Madison Cycles, 275 West End Lane, London NW6 1QS. (01-794 7945).

Bicycle or moped can be locked in several ways: securing the frame or wheel to an immobile object; locking the wheel through the fork; or (in the case of a cycle) locking both back wheel and frame to the object.

Two sizes are available—Model 1 is 9½ inches by 7 inches for cycles, and Model 2, 13½ inches by 7 inches for motorcycles and mopeds.

Said to have proved successful *in the U.S. for some years*, the lock has undergone 200 different tests there to prove its resistance to assault with hacksaws, 42 inch boltcutters, cablecutters, crowbars, hammers and acids.

Deters bus bullies

INCREASING numbers of assaults on Burnley and Pendle Joint Transport's bus crews resulted in the withdrawal of late night services last December and the installation of vandal alarms to its vehicles.

First 50 alarms have been fitted, and it is probable that *they will be specified for all* new buses being built by the authority, says Carters, Sycamore Avenue, Burnley, BB12 6QR (0282 27911).

Drivers' fears are said to be considerably lessened since protection is offered by the electronic audible alarms which emit a loud continuous yelping sound when activated. Its sound output of 100 decibels at three metres is audible over a wide area and promises to frighten off assailants, summon help from passers-by or alert police in the vicinity.

Moreover, an "alarm fitted" sticker prominently displayed within the buses and on the windscreen suggests a further deterrent to potential offenders.

● COMPONENTS

Window frame project

ACCORDING TO Alcan Windows the position in the *supply of replacement window* frames, where aluminium now holds 50 per cent of the market, has no parallel in house building where 85 per cent of frames are in softwood, five per cent in steel and only the remaining 10 per cent in aluminium.

The company believes that many builders' objections to aluminium frames—the need to fit the frame after the brick aperture has been completed, possible damage to the pre-glazed panes and unconventional styling—have been overcome in a new design of pre-painted, unglazed standard frames now being mass produced at its *Gardner Alumin subsidiary in* Weston-super-Mare (0934 27511).

Looking just like standerd timber frames with side and top-hung casements, the units are finished in white only using an electrophoretic process yielding a 20-micron coating for which a 10- to 15-year life is expected. White was chosen on the basis that 95 per cent of householders in the UK now *paint their window frames white* and that there is no particular *affection* for anodised metallic finishes.

The units are supplied in a redwood outer frame which has been anti-rot treated and painted under factory conditions. Bricklayers can therefore butt bricks and build up round the frame as with traditional units, employing the customary mastic in the wood-aluminium interface.

Frames are delivered to site in a heavy-duty shrink-wrap covering which not only protects the contents but also seals off the inside of the building at an early stage, there being no question of waiting for a glazier to appear.

No site painting is required, and glazing need involve no "wet" materials, only an internal double-sided adhesive tape, placing of the pane, and clip-in fixing of an external aluminium beading. Double-glazing can be accommodated.

First cost of the frames is about the same as galvanised steel and about 2.5 times that of wood. Finished cost however is considerably less since there is no painting to do and little or no early maintenance—*shrinkage or shape change* is virtually impossible.

● HANDLING

Recycles the powder

FOR USE in electrostatic paint spraying installations, a powder handling system from Aerostyle, Sunbeam Road, North Acton, London NW10 6JT (01-965 3464), not only returns the oversprayed powder from the booth to the guns but also blends in new powder and reconditions for further use.

The system works without manual intervention and allows sufficient time for the powder *to remain in contact with earthed* surfaces in order to dissipate any residual charge. In addition a high quality seiving action removes the impurities almost inevitably introduced in production booths.

A further benefit is that bulk delivery bins can be accepted *from powder suppliers*, reducing materials costs. The system can convey the powder over considerable distances enabling a bulk delivery point to be located conviently in an unloading bay.

● PROCESSES

Improves spectacle lenses

FORMER PROBLEMS of improving the characteristics of plastic spectacles lenses have now been resolved with a new method developed by Balzers High Vacuum, claims the company.

Deposition of anti-reflective coatings is carried out under vacuum at temperatures up to 200°C, and while these conditions have no effect on mineral glass, the plastic (or CR 39 material, as it is called in the optical industry) is sensitive to *high temperatures* with the result that its moisture content *has a marked effect on the* vacuum.

This drawback can be overcome by a coating process utilising a high vacuum coater automatically controlled by microprocessors, and the finished product will meet the exacting criteria for adhesive *strength and optical properties*, says the company's research and *development department*.

Reflective elimination of the resultant coating is about 50 per cent and it is also resistant to organic solvents such as trichlorethylene, acetone, benzine and alcohol. Coated lenses may be safely heated for insertion into plastic spectacle frames.

More from the company at Northbridge Road, Berkhamsted, Herts. (04427-2181).

● INSTRUMENTS

Checks the strain

MEASURING instruments using either load cell or strain gauge inputs can be set up using a transducer calibration unit put on the market by Strainstall, Denmark Road, Cowes, Isle of Wight (098382 5111).

The device is used to provide a precise signal, equivalent to the output of the transducer in use so that correct functioning of the measurement/control electronics can be ensured. Output devices such as pen recorders or trip units can thus be calibrated and tested.

Designated 1840, the unit has a 10-turn dial calibrated either *at 0 to 5 mV per volt* or at 0 to 10,000 microstrains (that is, parts per million of extension or compression).

● SAFETY

Tanks will not burst

FOOD, BREWING and other industries can save up to 50 per cent on cost of storage vessels with a pressure and vacuum bursting disc for ultra low pressure relief from 1 inch water gauge to 0.75 psi, claims Hymatic Industrial Controls, Orchard Street, Redditch, Worcs. B98 7DP. (75-67341).

Vessels can now be prevented *from bursting under extremely* low outward pressure, or from collapsing under excess vacuum, says the company.

Essentially, the device comprises a Teflon seal held clear of *a cutting knife blade* by a Teflon or stainless steel girdle, plus a perforated disc.

To ensure protection against very low pressures, such as one inch water gauge to 0.75 psi, the seal presses against the girdle and, at a predermined pressure level, it flips over allowing the seal to be cut by the knife blades and so relieve unwanted pressure.

Under vacuum conditions, the seal is drawn in against the perforated disc which ruptures at its predetermined vacuum level, which allows the seal to *break and relieve the vacuum to* prevent tank implosion.

FINANCIAL TIMES SURVEY

Wednesday February 14 1979

Mobile Communications

In this electronics age mobile communications technology is among the front-runners in terms of growth potential. This survey reviews the main lines of development, and the problems ahead, in a spread of equipment which nowadays ranges from the familiar "walkie-talkie" to complicated interlocking systems.

Strong signals for growth

By John Lloyd

THE GENERAL background against which this, the first Financial Times survey on mobile communications, should be set is necessarily a wide one. The trends in manufacture and in the markets can be situated along at least three major axes, which can be identified as (a) the rapid growth in communications technology: (b) the requirement for constant communication within any given service or production unit so that it is able to respond rapidly to rapidly changing demands: (c) the need to use energy efficiently.

Two other influences might be mentioned here, which cut across and mediate the three itemised above. First, the increasingly efficient use of communications by the advanced industrial countries sets up competitive pressure which must be met by all companies, especially since communication has been identified as a crucial—perhaps the crucial—productivity boost. Secondly, the limitations on the deployment of communications of the kind described here are considerable, mainly proceeding immediately from State regulatory agencies, these mainly in turn reflecting real limitations of the basic resource—in the case of mobile communications, the airwaves.

At times, too, these regulation represent the balance between private and State initiative, as is very obviously the case in the UK where the Home Office and, more important, the Post Office play the leading roles.

In technology much work—both recent and in the past—has been aimed at improving the quality of the signals and speech transmitted from and to base and mobile.

The developments have been world-wide and varied. However, an important recent advance has been the availability of crystal oscillators with a high degree of stability which seem to offer results in the frequency spectrum approaching only 1 Hz of drift on carrier frequencies of 100MHz.

The ubiquitous microprocessor is now responsible for further advance, especially in the area of channel selection, where a microprocessor can automatically select a free channel for the mobile, can constantly scan all operator positions and can stack calls in sequence during peak periods. These specific advances have greatly aided the move towards direct dialling from mobiles, though there is some debate on whether direct dialling from mobiles will be preferred to assisted calling.

In the grand jargon in which communications theory is discussed, this is the "technetronic" age, a neologism coined by Mr. Zbigniew Brezinski, now President Carter's national security adviser. The theory is now having a profound impact on practice.

That neologism was in part another way of describing what Professor Daniel Bell of Harvard had dubbed "the post-indusfrial age," where communications would become the critical strategic industry because the dominant sectors of the advanced economies would and are becoming "knowledge-based." Thus, the argument goes, communication between and within these industries becomes critical, since knowledge must be shared among larger or smaller groups, while new data must be fed in and out continually.

This affects more practical concerns in a number of ways. First, companies must respond to competitive pressure—if their competitors are reaping efficiency gains, so must they if they are to survive. Secondly, as workers of every kind require to be better and more regularly informed while mobile or away from the central office, they must be open to access. Thirdly, as more organisations become service-oriented (of one sort or another) the minute-by-minute signals from their various market places or service areas must be relayed.

So far as energy is concerned, the strong connection between the increasing use of mobile communications and the efficient use of energy is not immediately apparent, yet is simple enough. Mobile communications are largely used in parallel with an older form of physical communication—vehicles.

History

In those services where they have a comparatively long history—as in the police force, ambulances, taxis—they make the present way in which these services are deployed possible. The spread of other types of service organisations means that it is inevitable that mobile communication will itself spread, particularly as it is wasteful of fuel to have constant return journeys to base in order to receive fresh instructions.

Naturally, this point is receiving some attention in the promotion campaigns of the various mobile radio equipment manufacturers and suppliers. A calculation frequently quoted is that use of a radio communication network in a fleet will save the operator one vehicle in ten. In this context, higher fuel costs are a boon to the mobile communications industry.

Looking now at rules and regulations, it is perhaps unfortunate but true, that in a market perceived to be rapidly growing regulatory agencies are often identified as being a major villain, and their actions often described as being those of a greedy and jealous monopoly. In Britain both the Home Office—which since 1969 has been the regulatory agency for the airwaves, taking over the responsibilities previously vested in the Post Office when it was a Government department — and the Post Office itself, which operates a general telecommunications monopoly within which it grants a number of exceptions, have come in for their share of attack.

However, it is the case that the regulations themselves are an expression of an extremely finite resource — i.e. frequency availability. In most of the country there is still capacity to spare. But in London, where the concentration of police, taxi, ambulance, closed systems (as nationalised industry networks). Post Office networks and some private networks is by far the greatest, the effective limit of allocation has been reached, and the Post Office and Home Office have closed their books on new licences.

Thus both the Government and the manufacturers are keenly interested in the forthcoming World Administrative Radio Conference (WARC), which will begin, under the auspices of the International Telecommunication Union (ITU), in Geneva on September 24 next and last for around 10 weeks. The ITU is a specialised agency of the UN, and its convention and administrative regulations have treaty force. WARCs are held infrequently; the last was in 1959 and the one before than in 1947 (though of course much regulatory work is done by standing committees between the major conferences).

Attention

Thus partly because of the long passage of time since the last large full-scale conference and partly because of the increasing congestion of the frequency spectrum, especially in the U.S., the WARC of 1979 is the cynosure of attention in all of the industries associated with radio communication, and much will be heard of it in the coming year. While it is not simply an "air-wave carve-up" there is no doubt that allocation will be its most important task.

Moreover, the decisions of WARC 1979 are expected to remain valid, in broad terms, until the end of the century. The organisers thus have to frame their plans to take into account growth and changes over 20 years to come in a field which will be more active and more rapidly changing than at any previous period. The exercise will be both fascinating and delicate.

In general terms Britain is reasonably well placed in world radio communications markets. It is historically an innovator in technology and remains especially strong in the fields of military, aviation and marine radio equipment.

Companies like Plessey, the comparative newcomer Racal, Marconi (a division of the General Electric Company), Decca, Pye (a division of Dutch Philips) and Ferranti are world names and in some products world leaders, while a host of smaller companies show growing strength in domestic and import markets. In the car radio communication market it shows some weakness, perhaps. Not only is the market dominated by the Dutch-owned Pye: two other major companies—Storno and Motorola—are ultimately U.S.-owned.

But this strength should certainly not be considered of the kind to induce complacency. It means that the industry is enhanced by a favourable comparison with the UK telecommunications manufacturing industry, where Britain has fallen behind the rest of the world, leaving a technological gap which can only be closed by the arrival of the all-electronic digital System X: but it means, too, that it must fight hard to hold its own against U.S. and European competition.

It seems that one way it may be able to do that is to build up strength in the civilian radio communication market, partly because that sector is often much weaker than military but also because it is probably that much growth will come in that area.

Finally, it appears that both Government and Post Office, especially the latter, have been able to build up a pool of considerable expertise in this field, allowing them to respond relatively flexibly to growing demand. This is not merely their own estimation, but one often shared, albeit grudgingly, by private organisations. While there is still an overall political/philosophical debate on the Corporation's monopoly on telecommunications which has sharpened in the past year, most agree that the monopoly itself is not over-tyrannous.

One of several hundred vehicle radiotelephones supplied to Cable and Wireless Business Communications in Bahrain by the Mobile Radio Division of Marconi Communications Systems

Multitone "Pagephone" transceivers are in use at the Elida Gibbs (Unilever) distribution centre just off the M62 at Whitwood, near Castleford

Two-way links for vehicles

THE INTRODUCTION to a recent Home Office publication —"Handbook for private Mobile Radio Users"—contains the perfect synopsis for a two-way car radio manufacturer. It reads: "Radio contact between staff improves the efficiency of industrial organisations in saving time and money, and with the present-day fuel prices, many users have found that the cost of fitting their vehicles with mobile radios is offset by savings due to the consequent reduction in mileage; in this way mobile radio makes a contribution to the nation's conservation programme."

Mobile radio manufacturers are, of course, only too delighted to make a contribution to the nation's energy conservation programme, especially when it means improving sales in a market presently estimated to be worth between £30m and £35m, and growing rapidly. The twin points of increased efficiency and energy savings are amplified in their promotional literature.

A recent survey by Burndept Electronics, the largest wholly UK-owned manufacturer, shows that "for a company operating a fleet of 12 10-cwt vans, the cost of a two-way radio system, comprising a remote control base station and a dozen single-channel 25W mobiles, can be offset by savings of only three miles per day per vehicle . . . similarly, daily mileage savings of 5.76 miles per car will cover the cost of the same . . . system for 12 1600cc cars. And a company operating six 2-tonne lorries can pay for its radio system by a reduction of only 1.5 vehicle miles per day."

Mobile radio manufacture in the UK is dominated by Pye of Cambridge, which — even after some decline owing to increasingly aggressive competition — retains an estimated 50 per cent of the domestic market, is the largest company in Europe and claims to be third largest in the world. The company is reviewed in detail.

Competitors for next place after Pye jostle with rival claims, but it probably goes to Storno, initially of Danish parentage but ultimately owned by the U.S. General Electric. Storno offers a wide range of equipment and has had a manufacturing base in the UK for some years. Together with Pye, it has been an approved supplier of mobile radio equipment to the Post Office for some time.

Storno sees growth particularly in the commercial vehicle sector, and its marketing director, Mr. Bernard Flashman, was particularly pleased by the recent announcement of the OPEC oil price rise. "Direct communication with a company's drivers is now seen to be pure savings," he claims.

Enlarged

Motorola, a comparative newcomer to the UK mobile radio scene, is the largest manufacturer world-wide. This U.S. company is strongest in the area of mobile communication, but has diversified in a variety of directions with, for example, a substantial microprocessor plant in East Kilbride, in Scotland, which has recently been enlarged. It claims around 10 per cent of the UK mobile market.

Marconi, part of Britain's GEC group, has recently renamed its mobile radio division Marconi Radio and cast it loose as an independent company; it appears set for some growth. It is on the verge of receiving Post Office approval as a supplier, making it the third with Pye and Storno.

Marconi makes a range of mobile equipment, and is the principal supplier of radios to Aircall, the largest message handling company in the country. Last year it supplied over 1,000 radios to Aircall, and recently received a further order worth around 1m.

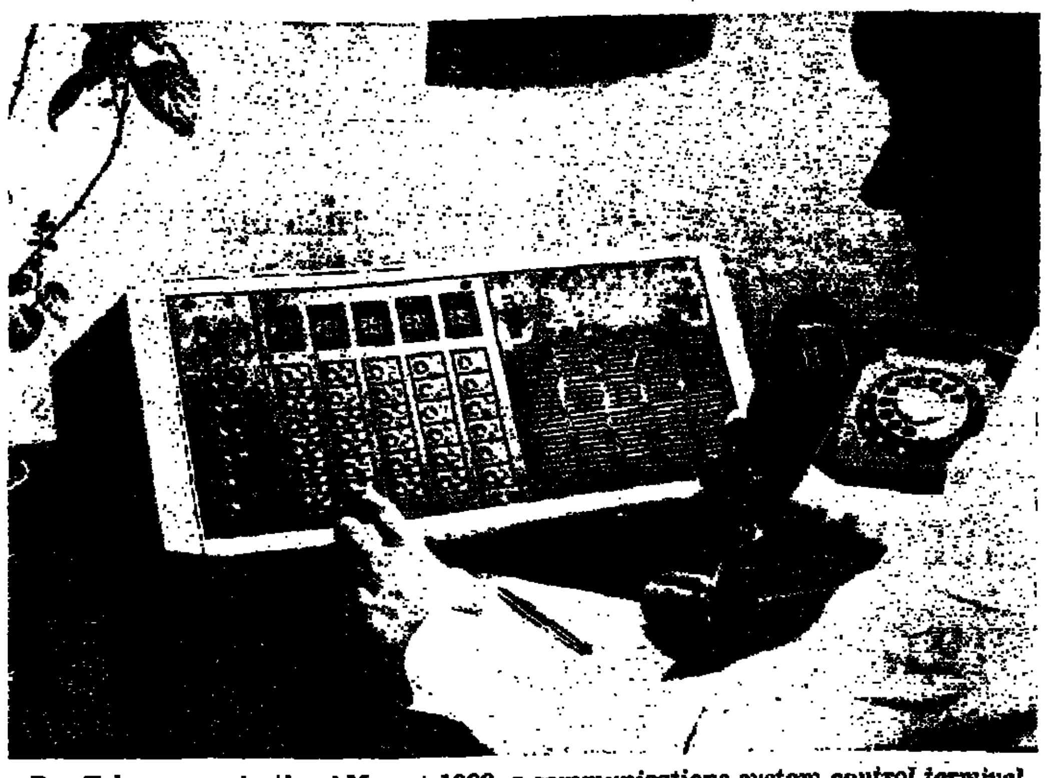
The set it will supply to the Post Office, is, however, a Finnish-made piece of equipment, the Nokia SV1300 radio telephone. Nokia, one of the largest Finnish electronics companies, claims that the SV1300 is one of the few radios which can operate in a car and be rapidly adapted for use as a manpack radio away from the car. Marconi anticipates good orders, and may in the future take up a licence to manufacture from Nokia.

Dymar Electronics is also well placed in the field, having built up its experience in radio communication in VHF equipment for the marine market. Dymar sets progressively "came ashore," and now the company is pushing hard with the Lynx radiotelephone, launched in 1974.

Last June the company played a major role in the launching of the countrywide Radio Communication Services, a consortium of message-handling companies which includes Selective Audio Messages in London, Airtalk in Manchester and Answer Link in Brighton, with further centres in Birmingham, Grimsby, Middlesbrough, Nottingham, Peterborough and York.

The new company claims to cover 75 per cent of the UK population. It has more than 1,000 sets on the road, with another 1,000 forecast for the coming year. The equipment supplied to the network has the added bonus of a pocket "Alerter" which the driver carries with him when he leaves the vehicle, and which will alert him to a call on his set.

There are several other companies which maintain a respectable share in this market, or which are trying hard to gain one. These include Harris, Nolton Communications, which is strong in the public utilities market, and Redifon, the second of which has recently been successful in the Middle East and which also manufactures transmitters, recently securing a £750,000 order from the Post Office for the corporation's developing paging network.



Pye Telecommunications' Mascot 1000, a communications system control terminal giving multi-access capability and one of several new products recently launched by the company

One example among several companies attempting to establish a stake in the market is Bird Audio, a member of the Brocks Group (traditionally known for its alarm systems). Bird Audio, which is strong in marine communications, recently acquired a small South Wales-based company named Callbuoy which had gone into liquidation. According to Mr. William Hambleton, Bird's marketing director, Callbuoy had an innovative range but lacked the capital to develop and market it, a function he sees Bird able to perform. "We decided to get in because of the growth we see in the land mobile market. We'll be developing features which Callbuoy hadn't got, like selective calling. We have resources to plough in to get a good share of the market."

One of the more publicised features in the industry over the past year was the acquisition for £510,000, just before last Christmas, of a 51 per cent stake in Burndept Electronics by the National Enterprise Board. The acquisition threw up a number of features about the market, and raised a number of pertinent questions.

Chief among those was the problem, which Burndept admitted was a significant one, of the high proportion of fixed-price work which many of the manufacturers did for Government agencies, especially the Home Office. Fixed-price contracts in a period of high inflation gave Burndept a number of headaches, and caused it to plunge into loss, estimated last year to be around £400,000 and targeted this year at around £200,000.

In the specific case of Burndept, this was compounded by uncertainty on its future and an uneasy relationship between the company and its previous sole parent, the Berec group (previously Ever Ready), which retains 49 per cent of the equity.

The company's management believes, however, that the injection of cash by the NEB will enable it to strengthen product lines which it claims were developing well, especially its "survival" radio pack in which, it says, it is a world leader. Its competitors were uncharitable to it at the time of the NEB intervention, alleging that it cut its prices and forced everyone else to follow suit.

An index of the industry's growing self-confidence was the formation, in November last, of the National Radio Communications Trade Association, which is seeking to establish a national body composed of equipment distributors and service contractors to set minimum engineering standards and monitor technological innovations.

Again, the industry received a more tangible shot in the arm when the Post Office last June effectively allowed "interconnect" between mobiles and the Post Office network for the first time. This was a long-awaited event, the implications of which are discussed more fully elsewhere in this survey.

John Lloyd

PROFILE: PYE TELECOMMUNICATIONS

Clear lead in Britain

STOP SOMEONE in the street and ask them what Pye means in their lives. They will probably tell you they own a Pye television, radio or tea-maker.

Even if they don't, they will probably have heard of Pye Holdings, because although it was taken over by a Dutch company, Philips Lamp, 12 years ago (it has a 60.7 per cent stake), Pye has been manufacturing in Britain since 1896.

What these Pye consumers may not know is that Pye's biggest profit earner is by no means consumer goods. It is telecommunications.

Britain's first portable two-way radio was developed during World War II by Pye. The WS18 was built in just six weeks following a 1939 War Office request. About 40,000 sets were made and used as an essential part of infantry equipment. Soon after, a mobile version came out—the WS19, for tank use.

In 1946 Pye decided to break into the commercial radio telephone market and formed a subsidiary, Pye Telecommunications. Since those days, when two-way radio in a vehicle took up nearly as much room as a passenger and a portable unit needed two men, Pye Telecom has made rapid progress.

It now employs 2,600 of the group's 14,000 workforce in the UK and occupies the largest industrial premises in Cambridge. Among the products it makes are paging systems for hospitals, factories and offices; mobile radio telephones for contact with drivers away from their base; portable radiotelephones and fixed two-way radio equipment and base stations.

Pye has a 50-to-60 per cent share of the UK market, dwarfing its competitors, Motorola and Storno—both of which claim second place—and Marconi.

It is responsible for the maintenance of more than 150,000 mobile, portable and fixed station equipments. Around 185,000 were licensed last year and including Government-operated equipment the total is likely to be about 225,000. A further 25 per cent of unlicensed sets can be added to this Pye claims, since manufacturers are under no obligation to the Home Office to declare the number of sets they despatch from their factories.

In 1977 Pye group sales were £185m, of which £32m came from telecommunications. But although Pye Telecom has continued to expand both here and abroad, the group results were slightly disappointing, down by 30 per cent on the previous year. This was largely due to Pye's disposal of its audio and video activities and its investment in Pye Industries Australia. It also sold the assets of Cambridge Data Processing to Philips Electronic and Associated Industries for £303,000. Further slimming operations are on the cards this year, and telecommunications subsidiaries abroad will not be immune.

Exports

Pye Telecommunications is Europe's largest exporter of mobile radio. In 1977 exports increased by one-fifth and constituted 37 per cent of sales. Its contribution to group exports was similar last year, with 30 per cent of its production going to 90 countries.

Last year the company won a contract to supply Nova Scotia with \$2m of two-way radio equipment which will eventually link all Government departments and services throughout the territory. The five-year service contract is worth another \$1m. A £4m contract signed between a Middle East country and Pye in March, 1977 is now under way, supplying law enforcement communications equipment.

The service department is an integral part of Pye Telecom's marketing. In Britain it has a staff of about 500 operating from 24 locations, and 60 people abroad whose sole job is to instal Pye equipment.

Pye has won other contracts recently. Within the past four months it has received £103,000 of orders from Algeria and a £200,000 contract to equip Stockholm's bus fleet with mobile radios.

Last May Pye opened its new £6m headquarters and manufacturing complex. Since then it has brought out three products designed for export—the M206, a high performance mobile, the P5002, a VHF FM multi-purpose portable, and the Mascot 1000, a communications system control terminal giving multi-access capability. Orders for the M1000 have run to well over £500,000 from home and overseas.

Although Pye has managed to retain its market share and improve its financial hold in the UK, profits received a slight knock in the last financial year as demand in Britain decreased and competition abroad intensified. Its 60 per cent market share is unlikely to rise more than 1 or 2 per cent in the near future, Pye says. So now it has cast a keen eye on Europe.

The company already has around 7 per cent of the two-way radio market in West Germany (shared with Philips, its parent company). For example, a West German car telephone is produced under the Tekade label but made by Pye Telecom in Britain. Sweden is another country well-tuned to telecommunications. Pye claims that great potential lies in countries such as France and Spain.

The company is optimistic about the growth and development of telecommunications. A mobile radio management group was established at Cambridge in the spring of 1977 to determine future policies for the telecommunications subsidiary. Six executives drawn from Britain, Holland and Australia are responsible to both Pye and Philips management for the "rationalisation of world mobile telecommunications activities." Around 200 development engineers are employed at Pye's Cambridge headquarters and its future is also backed by Philips' international research laboratories.

Since mobile radio is entirely dependent on the use of scarce radio frequency spectrum, research is essential to improve the use of the spectrum and the channels available.

The narrowest channel width currently visualised without speech processing is 3.5KHz and the technique which shows the greatest promise of approaching this idea is the use of SSB. Work on this method of modulation has continued at Philips Research Laboratories, Redhill, for some time and has now reached fields trial stage.

The transmission of digitised speech is another technique being looked into at the Natuurkundig Laboratorium in Eindhoven. But however advantageous the cost of producing such equipment appears at this time, Pye claims that the bandwidth requirement for digitised speech so far looks less attractive compared with alternative methods.

Pye is also working on equipment which provides better use of channels by multiple access or "trunking," supporting research at Bath University.

Cost will play a greater part in the future of telecommunications. Already Pye estimates that the use of existing 200,000 or so private mobile radios saves Britain over £200m a year through cutting fuel costs and improving efficiency. This saving, Pye claims, could be over £1bn by the end of the 1980s if more companies integrate their operations through the use of two-way radio.

Colleen Toomey

MOBILE COMMUNICATIONS III

Extensive military demand

SOLDIERS the world over are traditional users of highly mobile field communications systems. Air forces too have their own particular requirements for miniaturised radios and radars for air-to-air and air-to-ground communication. But it is only in the past two years that the need for an unprecedented degree of mobility in the field of ground radars and communication centres has been fully realised.

The developing operational requirement for such systems, particularly in Britain, has arisen amid changes in the nature of potential threats to national security.

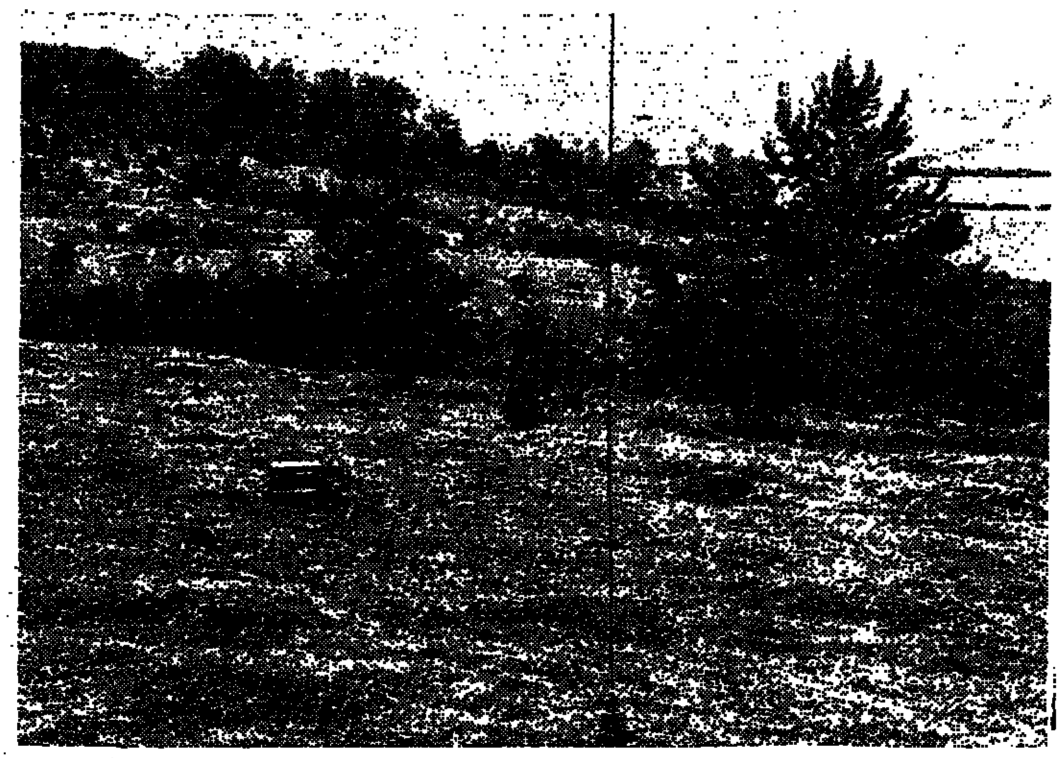
Traditional fixed radar sites have become increasingly vulnerable to attack. Their locations are well established and new solutions have been sought to the problem of detecting low-flying aircraft while at the same time raising the chances of an installation surviving attack.

This need for mobility is expected to be the main feature of Britain's new early-warning radar system for detecting enemy aircraft. The Royal Air Force was given approval towards the end of last year for its plans for a new, highly versatile and flexible aircraft detection system.

The completed system, when it becomes operational in the 1980s, is likely to have cost in excess of £100m. The North Atlantic Treaty Organisation (NATO) is expected to contribute a considerable part of this.

Full details of the proposed system have not been released, but the underlying planning programme, known as the UK Air Defence Ground Environment (UKADGE) scheme, was already well advanced at the time of last February's statement on the defence estimates.

Development was well under way by the end of last year and work had started on the re-alignment of a number of early warning stations. The main strategic UK detection system, the ballistic missile early warning system at Fylingdales on the Yorkshire moors, is not expected to be affected or run down in any way as a result of the proposed changes. The Fylingdales site was designed to give warning of medium-range missiles heading for Britain and also to spot the launch of long-range missiles aimed at the U.S.


Field operation of Plessey Avionics Groundsat, a one-man radio set which dispenses with the need for the intermediate re-broadcast station traditionally used by armies in difficult or hilly terrain

Advances

The past Defence White Paper also spelt out the plans for improvements in high speed communication of data. These advances would be a necessary complement to future command and control systems.

Project definition work has started on the exchange of digital data between airborne fighter aircraft, airborne early warning aircraft, ships and the proposed UKADGE system. Work is also under way on the feasibility of introducing a general purpose ground communications system, using digital transmission and computer switching techniques.

In the air, new VHF and UHF airborne radio systems are now being installed in most of the RAF's front line aircraft to replace equipment now obsolete and less reliable than today's operational requirements demand. The new equipment is also needed to satisfy revised standards of international compatibility between various national systems.

Britain is also introducing a new generation of VHF and UHF radios for ground communication and one of the more demanding and novel developments now underway is the evaluation of ways of improving radio systems for communications beyond the visible horizon. This technique is certain to play a large part in the development of military strategy into the 1990s.

The British electronics equipment industry has had a central role in the development of military communications equipment. Many of the larger companies are now actively involved in the miniaturisation and improvement of radar, battlefield support equipment and radios for personnel communication.

The Cervantes trailer-mounted radar is a current example of battlefield equipment designed for ease of movement. The unit is now under development and is to be designed to locate rocket launchers and mortars.

In the areas of tactical battlefield trunk communications systems the Ptarmigan system is now in the final stages of development for the British Army. Ptarmigan has been designed to conform with NATO standards so that all future trunk communications systems may be fully interchangeable.

Some of the latest fully mobile, high performance radar for military use were displayed at the Farnborough Air Show last year. Marconi Radar Systems displayed its Martello radar. This is designed to provide air defence coverage at ranges up to 300 miles with a high resistance to jamming from enemy electronic countermeasures.

It is possible that the Martello radar may have a part to play in the revised UK air defence network when it comes into operation over the next decade.

Marconi Space and Defence Systems, another GEC-Marconi Electronics Company, was responsible for the development of the Clansman vehicle radio, now in service with the British Army. The radio, with VHF and frequency modulation was designed for use in British armoured and soft-skinned vehicles at ranges up to 24 miles.

Soldiers on the move are also able to benefit from the developments in personal radio sets achieved over the past five years.

Plessey Avionics and Communications has developed the Groundsat, a one-man radio set which overcomes the need for an intermediate station to re-broadcast signals sent out to the soldier. Re-broadcast stations, traditionally used in difficult and hilly terrain, can be time-consuming to set up and are always bulky.

Groundsat provides automatilc repeater facilities from an unmanned station for signals from both the command post and soldiers. The system enables signals to be transmitted and received simultaneously on the same frequency at the same site.

The SINCGARS V, the U.S. Army's new generation of tactical single-channel radios for use as a one-man pack, or in vehicles or aircraft, was developed by a team from Cincinnati Electronics in the U.S. and Marconi Space and Defence Systems in Britain.

The market for the new radio is enormous and up to 250,000 sets are expected to be ordered by the U.S. Army. Britain's Marconi Space and Defence Systems is likely to remain a major sub-contractor to Cincinnati Electronics. The initial development contract was worth over £3m, but the potential value of sales to the U.S. Army alone may total £500m. The single set has been designed to replace three different types of radio, with much of the advance on miniaturisation a result of the use of micro-processors.

Lynton McLain

The spread of civilian use

THE USE of land mobile radio in Western Europe is growing at such a pace that by 1990 it is estimated it will reach densities of between 40 to 60 mobiles per 1,000 inhabitants.

A report prepared by Storno, the Danish-based communications group, analysing the growth of the mobile radio sector, the growth of channel demand and technological means of improving spectrum efficiency, estimates that by 1990 there will be a potential demand for approximately 3,000 channels in the greater part of Western Europe. By 1999 demand is expected to increase to 5,000 channels.

This demand will come primarily from the private business and industrial markets, with the replacement market—police, emergency services, etc.—playing a secondary role.

The main competitors in the UK vying for this boom in business are Pye Telecommunications, Storno and Motorola, with Marconi Systems and others including Dymar Electronics taking about 10 per cent of the market.

Competition in the field of land mobiles is so intense that companies are reticent about new lines or technological development except in the broadest terms.

It is estimated that while Pye Telecommunications continues its domination of the UK market (with between 50 and 60 per cent), Storno and Motorola are battling it out for second place. Storno claims it has about 12 per cent of the UK market and that Motorola has between 6 per cent and 9 per cent. On the other hand, Motorola claims it has surpassed Storno and that it has a 15 per cent share, but it agrees that Storno's market share is between 10 per cent and 12 per cent. The total UK market is estimated to be worth about £45m per annum.

Pye, which has been manufacturing instruments in the UK since 1896, is 60 per cent owned by Philips Lamp of the Netherlands. It developed its first two-way portable radiotelephone—the WS18—because of a war-time Government request. The radio telephone was built in just six weeks in 1939, and became an essential part of infantry equipment. About 40,000 sets were made and the equipment was followed by a mobile version—the WS 19, used in tanks.

In 1946 Pye entered the commercial mobile radiotelephone market and formed the subsidiary Pye Telecommunications. Today this subsidiary (turnover in 1977 £32m) has a nationwide service organisation which is responsible for the maintenance of more than 150,000 mobile, portable and fixed station equipments. Ancillary products include the Pyecall 4 overlay pager type PG1AM which is compatible with its Olympic mobile radiotelephone.

But competing for those same customers is Motorola, the U.S.-based multinational in the electronics field, which started its UK manufacturing base at Basingstoke in mid-1977 after several years of marketing its products in Europe. It claims that sales in the UK went up by 80 per cent last year and says: "We will be taking on Pye during the next five to 10 years."

Twenty-five years ago Motorola's communications sales were all in the U.S. and the market consisted of the police, military services and others associated with space and military research projects. Now its two-way radio products are found in more than 100 countries.

At its Basingstoke plant it manufactures mobile radios, pagers and accessories. Its team of British engineers work closely with their counterparts in the U.S. and Europe and Basingstoke is firmly export-orientated.

Standard

Its Pageboy 11 Radio Pager has become a European standard. Among Motorola's customers in the UK is the Post Office, which awarded Motorola the contract for the London digital computer controlled terminal which interfaces between the telephone exchange and the radio paging system. This terminal can accommodate up to 100,000 subscribers in the Greater London area, all on a single radio channel.

Other customers include bus operators. Greater Manchester Transport uses more than 2,000 Motorola mobile radios and British Rail uses Motorola hand portables in all its London terminals. Hand portables are also used on oil rigs and use the long-range single sideband and microwave systems to communicate with the shore.

One of the latest developments in the portable field is the RDX1000. This differs from other MX300 portables in that it has a keyboard and allows its operator to feed data directly into a remote computer. The computer can respond, with words and numbers. This unit will be available in the UK shortly.

In a vehicle, high speed data messages are handled by this mobile data terminal which works over the standard vehicle radio link into a computer data bank. The German CID uses it to transmit vehicle licence numbers to check on ownership or if the vehicle has been stolen.

Motorola believes the future of land mobile radios lies to a great extent in digital systems, which can, for example, be used in the telephone and computer industries.

Storno, 75 per cent of which is owned by General Electric of the U.S., has had a UK manufacturing base for several years and it claims its market penetration is rapidly increasing, with a turnover in 1978 of £12m, compared with £10m in 1977.

Its first co-operative venture with General Electric—the CQM 500 mobile FM radiotelephone—was launched in the UK last November. Storno says the relationship has been of tremendous benefit and has vastly improved its speed of technological development.

Existing Storno customers in the UK include British Rail, London Transport, the Metropolitan police and 1,500 buses throughout the UK. Most of the production at its Camberley plant is of the Stornophone 600 CQF600 range which includes VHF/UHF base stations.

Like others in the industry, Storno sees its growth largely dependent on decisions made at WARC, but it anticipates a growth rate of up to 10 per cent per annum.

A recent development in car telephones has been the introduction of sets which are capable of use in and out of the car. Marconi, recently appointed as the third official supplier to the Post Office, is marketing a set made by the Finnish company Nokkia which can be unplugged from the dashboard. Another is Nolton Communications' Sabre set, which runs from the car battery when mobile, then automatically changes to an internal battery when removed from the car.

In the general field of "message handling," the past few years have seen the growth of a number of service companies which provide the facilities for routeing calls, either from vehicle sets or pagers. Of these, the largest and most successful has been the London-based company Aircall, which has now set up subsidiary companies in the U.S. and Australia, and seems strong enough for further development elsewhere.

The main areas in which the company is active are radio telephone services, medical services, paging services and a telephone answering service. The first of these suffered some recession a year back but has recovered growth again. It will be aided by the recent decision of the Post Office to allow interconnection between the Aircall system and the Post Office network, so that a two-way conversation can take place. Previously, messages were relayed by the Aircall operator. Aircall, which pursues an aggressive, anti-monopoly campaign against the Post Office, credits itself with some of the fruits of that change.

However, the company's medical services, or deputising services, is one of its strongest divisions. Essentially, Aircall has become the employer of a large number of doctors who deputise for their colleagues by covering calls for them at night or weekends or during holidays. A call to a doctor is re-routed to an Aircall station, which then assigns a doctor from a centrally operated rota to cover it.

The service now covers upwards of 22 cities and makes around 1m visits each year. Its success has been such that a subsidiary has been opened in the UK to market the concept there. There has been considerable criticism of the deputising concept, however, and this may grow in the future.

Aircall has some 20 paging centres in various cities, and is investing strongly in the development of the business. Like the Post Office, with which it competes, it sees paging as offering good growth. Unlike the Post Office, it offers pagers with a short burst of speech, so that a simple instruction, requiring no conversation, can be relayed.

The answering service is the least important of the divisions, largely because of the growth of automatic services. Some growth continues, however, and it is now being marketed as part of a package with paging and car telephone services.

Lisa Wood

Post Office's dual role

THE POST Office plays a dual role in the mobile communication scene. It is both a supplier of services and a regulatory agency. Classically, of course, any agency which can control a market in which it operates is frowned on. In practice the Post Office appears to have given enough slack to the private market to content it, at least for the time being—though the tension is latent and no doubt battles will be fought in the future.

The two services provided by the Corporation with which we are concerned here are the Radiopaging Service and the Radiophone Service. In both cases the Post Office has proceeded on the whole more deliberately than the private operators with which it co-exists. But, it would argue, it has done so more thoroughly because of its blanket national coverage and its massive resources.

Radiopaging is the generic name given to a service in which a small receiver emits a noise or "bleep" on receiving a radio signal routed through a transmitter. In the UK the receivers, or pagers, either emit a bleep (it can have one, two or more tones) or a short burst of speech, generally no longer than 30 seconds.

The Post Office began to take a serious interest in paging in the 1960s—at the same time as the largest private message handling company, Aircall, also began investigations. At the time only hospitals had paging networks in Britain, though there were some city-based networks coming into service in the U.S. It was there where the Post Office's early market research was concentrated.

However, the U.S. experience differed substantially from what might be expected in the UK, and thus the corporation embarked on its own test area. Using U.S. equipment, it established a radiopaging service in the Thames valley in 1973. It proved surprisingly popular: there was no need to advertise the service, and research showed a 94 per cent acceptability rate. The first radiopaging network proper began in London in December 1976, with an initial order for 10,000 Multitone pagers.

Once again, it was found that paging caught on by word of mouth: the growth rate has been established at 20,000 a year. The Post Office is now building up its radiopaging exchange to a capacity of 160,000 lines, faster than planned. Multitone and Motorola have received £1m orders for pagers each, while Redifon has received an order worth £750,000, for transmitters.

The service is also to be extended outside London, first to Birmingham—by the end of the year—and then possibly to Manchester. Initially, calls in provincial cities will be routed through the London exchange's spare capacity. At the same time a GEC 4020 is investigating the parameters of the entire system.

The first Post Office radiotelephone service area was South Lancashire, where it opened in 1959. A service in London began in 1965. However, these tentative first systems were replaced by a much more modern one in 1972, initially based on London, then moving out to a modernised South Lancashire system, and subsequently, from 1974 onwards, spreading to most of the major cities in Britain. Central Scotland, East Scotland (the most recent), Tyne and Wear, South Lancashire, East Pennines, Midlands, London and Bristol and South Wales are now all covered: a more or less national system is within reach. Calls can be made to, and received from, any telephone in the UK, in the U.S., Western Europe and more than 30 other foreign countries.

Limit

The problem facing the Post Office administrators is that of frequency allocations in the capital. The corporation operates 55 channels on the 160MHz band, and with 3,600 sets operating in London it has reached the effective limit—as has every other radiotelephone service. Hence the central importance of the World Administrative Radio Conference (WARC) in Geneva later this year. London is not the only city so affected—a number of U.S. cities, notably Los Angeles, are also suffering from chronic airwave indigestion.

However, the shortage of airspace has stimulated invention. "If we can't get extra space from WARC, or even if we do, there are other developments we can make," says Mr. Frank Lawson, deputy director of marketing at telecommunications headquarters. "For instance, we can get the spacing down, from 25 KHz to 12.5 KHz. That doesn't actually double the number of mobiles you can get on the system, but it does increase the number."

But the most significant step taken by the Post Office in the market over the past year, as far as the private suppliers are concerned, has not been what it has done itself but what it has allowed them to do. Up to June of last year private mobile radio-telephone operators, such as Aircall and Selective Audio Messages (now part of the Radio Communication Services group), could not switch their subscribers into the public network. Instead, messages had to be relayed back and forth by the operators.

In June 1978, after almost three years of negotiations between the Post Office and the companies' association, the National Association of Radio Communications Services, the corporation outlined the conditions under which licences would be issued. "We have wanted this to happen since 1972," says Mr. Lawson. "We have given them every encouragement, and continue to do so. The stumbling point was not the Post Office, but the Home Office, where they were concerned about the use of the spectrum. They were worried that interconnecting would overload the system. These fears have been resolved."

The companies are now making their preparations for adapting to the new order. "As far as we are concerned, we are ready to issue licences once they come up with satisfactory equipment."

Mr. J. O. Stanley, chairman of Aircall, regards this breakthrough as a "great victory." Mr. Stanley, who is one of the fiercest campaigners against the Post Office monopoly, has now switched his attention to another area—the monopoly over facsimile transmission. Both he and others whose oppose the monopoly—Sir Keith Joseph, the Conservative industry spokesman, and Mr. Frank Chapple, general secretary of the Electrical Electronic Plumbing and Telecommunications' Union, have lined up against it too in the past year—will see in this a wedge to be widened.

There are no indications, however, that the corporation believes that the general principle of the telecommunications monopoly is incorrect. On the contrary, the very fact that its marketing has become more aggressive has meant an apparent increase in self-confidence—further buttressed by substantial profits in the past two years, with a promise of more to come.

Mobile communications is a testing area in this context, precisely because of its rapid growth and the novel demands of the market. If the corporation can show that it can deal with these demands successfully, while allowing exceptions to the monopoly on a controlled basis, it will feel it has strengthened, rather than loosened, its dominant position. There are no signs that its nerve is failing.

J.L.

PROFILE: MOTOROLA

Impressive world presence

MOTOROLA, the U.S. group, claims it is the world's biggest electronic equipment and components manufacturer. As a measure of its size, in 1977 it had a turnover roughly equal to Iceland's Gross National Product and those sales of $1.8bn were achieved with 60,000 employees compared to Iceland's 220,000 population. It is a high-technology, industrial and commercial electronics concern that operates through decentralised groups and divisions.

Contracts

Today Motorola is the second-largest producer of semiconductors in the world after Texas Instruments. It is one of the leading suppliers of high-technology computer memories and microprocessors, and last year secured its future in the motor industry with two large contracts from Ford and General Motors for the development of microcomputer engine controls.

Motorola also ranks as the world's biggest two-way radio manufacturer, and is America's largest supplier of communications equipment. Its impact on the UK market has not been as impressive, but understandably so.

After all, Motorola has been in the U.S. market ever since Paul Galvin began in 1928 with $565 and five people to make radio battery eliminators.

Twenty-five years ago when Motorola entered the UK market its sole outlets were the police and military. Now its two-way radio products are sold in over 100 countries and Motorola has set up a manufacturing base at Basingstoke.

The new electronics headquarters and production centre has 50,000 square feet of factory and office space. It currently employs 200 and expects a further 100 will be recruited by the end of this year to take on extra orders.

Last year sales at Basingstoke rose by 80 per cent to around £6m and this year telecommunications sales are expected to increase by £4m. At this rate, a Motorola spokesman says, "We will be able to take Pye on. Within the next ten years Motorola will be a serious contender in the UK telecommunications market."

It is acknowledged that Pye has the lion's share of the £45m mobile radio market in Britain, something like a half to two thirds. Second place is disputed by Motorola and another major group, Storno. Motorola claims it has surpassed Storno and is second in the mobile radio league with a 13 per cent share of the UK market. Storno, it claims, has around 10 to 12 per cent. But Storno, while it agrees with Motorola's analysis of its market share, says that Motorola has only 6 to 9 per cent of the market in Britain.

It is worth looking briefly at Motorola's group communications division. Worldwide communications sales last year amounted to £450m—more than 40 per cent of the corporate total. Over the past 25 years, these sales have grown at an average rate of about 15 per cent. General Electric and RCA have combined sales only one-third or so as large and have narrower product ranges.

Venture

Within Europe, Motorola's share of the £200m radio communications market runs at a modest 10 per cent. It is in this light that the group's venture into the UK must be seen.

Last September, Motorola got a listing on the London Stock Exchange—seen as a clear indication of the company's intention to broaden its European base and to gain prestige. It was Motorola's first listing outside America and was not expected even then to herald a large amount of dealing in Britain. Most large institutional investors tend to deal direct with New York because it is cheaper.

On the eve of the company's listing, Motorola executives further illustrated their interest in the UK by announcing it intended to expand another of its divisions: the metal oxide silicon or MOS plant at East Kilbride in Scotland.

Motorola has been quick to seize opportunities in Britain. Among its big customers are British Rail and the Post Office as well as multi-nationals both here and in Europe.

In January Motorola's Basingstoke division won orders worth £1m to supply the Post Office radio-paging units and terminal extension equipment. The contract followed on the back of the already successful pioneering paging system established in the Thames valley since 1973.

Motorola's Metrix pager is the latest in the company's pocket range. It is small and light and can be used to contact offices or homes merely by dialling the assigned number from any telephone.

One of the most powerful handportables approved for use in the UK is a two-way radio unit made by Motorola—the MX300 Handie Talkie. It is rugged and according to Motorola weighs less than a pint of beer.

British users will shortly have access to yet another development in the portable field, the RDX1000. It has a keyboard and takes data fed directly into a remotely located computer. The German CID is already using this equipment to transmit vehicle licence numbers to check on ownership or if the vehicle has been stolen.

Like its competitors, Motorola is determined to find a solution to the overcrowded frequency spectrum. A great deal of mobile radio's future growth depends on coming up with an answer and Motorola has invested in time, people and money.

Mr. Walter Stevenson is employed by the company as director of Government Liaison-Europe. He has been involved in electronics for as long as Motorola itself and is keen to point out to companies and countries the advantages of mobile radio and make them converts. "My belief," he says, "is that about 20 per cent of the world's population could benefit from land mobile communications."

C.T.

What the future holds

THE FUTURE of the mobile communications industry, and of the sector in general terms, depends on a host of factors, some within the control of the manufacturers, service and Government agencies, some largely outside it.

Included in the latter category is, of course, the economic health of the country. While it is true, as the industry stresses, that use of mobile communication can save fuel and increase efficiency, the capital outlay for a system is quite high, and the savings not immediately tangible. If the recent low-key forecasts of a comparatively depressed economy in the coming year prove correct, then the strong growth which the industry sees ahead could be slowed.

Against this, however, it is increasingly the case that communications, even of a type never before invested in by a company, are no longer regarded as optional extras but as a necessary purchase, especially if a competitive edge is to be maintained. This, coupled with the energy-savings potential means that the sector may not be as badly affected as others by a general downturn.

Reasons

Also in the category of those matters largely outside the UK industry's control is the World Administrative Radio Conference in Geneva (WARC) later this year. It is extraordinarily important for the future, for a number of reasons.

- It will set standards and determine waveband allocation, in broad terms, until the end of the century.
- It will determine whether or not growth can re-start in congested centres such as London and the major U.S. cities.
- It will allow the developing countries a chance to get in on the airwave resource.
- Its decisions will stimulate innovation, specifically where new methods have to be found to optimise the existing waveband allocations in a given area. Work on this kind of development has already begun.
- It will examine, presumably exhaustively, the possibilities inherent in the high and very high frequency bands, and should also investigate the use of wavebands which were allocated years—sometimes decades—ago, and are not now used. This is particularly the case for military frequencies.

Evidence to the Home Office, which is co-ordinating the UK approach to WARC, has been plentiful from the land mobile lobbies. In a document published by the Home Office last year, it gave a brief synopsis of its view.

"Congestion in the land mobile bands will become particularly acute in the future owing to the increase in the demand for frequencies, especially for commercial purposes. The official view, which has had a measure of acceptance recently from land mobile interests, is that an additional 70MHz-90MHz will be required below 600MHz to satisfy the demand for civil land mobile services (which include private mobile radio, message handling, paging, and the public land mobile radio telephone service) up to the end of the century.

"This view is based on the calculation, supported by monitoring surveys and extrapolations of growth patterns, that the amount of the radio spectrum currently available for land mobile purposes will be sufficient to contain extra growth until 1985. The extra bandwith proposed is intended to provide for the expected growth beyond 1985 up to the end of the century, taking into account the benefits to be expected from technical developments."

While the office is no doubt correct in saying that this represents a view of a number of the companies in the industry, there is also a strong opinion that more than 90MHz might be required. One manufacturer argued for up to 300 MHz, while others argued for around 100 MHz. The wide variations in estimating requirements springs from the wide variables in forecasting the growth in the market, which is too recent to be settled. Moreover, more efficient use of channel spacing could provide extra capacity on the given allocation, a consideration which further complicates any future allocation policy.

Agreement

There does appear to be general agreement, however, that if the land mobile bands are to be increased more than marginally, television broadcasting must move off bands I and III. A decision on their future has still to be taken. But as the Home Office document makes clear, the decision is not Britain's alone, since other European broadcasting services also use these bands. "Only when the WARC decision is taken will it be possible to know what freedom the UK will have to try to meet its mobile needs by national, or possibly regional, means."

There is a further element which is certain to be raised at WARC, though the Home Office has not yet, it seems, officially alluded to it. That is the future of Citizens Band radio, or CB, as its enthusiasts call it. CB is simply a two-way radio operated by an amateur, with two transmitter-receivers forming the system. It is widely popular in the U.S., is coming in in Germany, but is still illegal in the UK. A lobby is building up to maintain that it should no longer be.

The argument is based at least in part on market signals. There are a large number—some put it as high as 100,000—illegal citizen band radios already operating in the UK, either sold here or bought elsewhere, but usually in the UK. They are apparently especially popular with farmers who wish to stay in touch with tractor drivers in remote fields.

Since there is such a substantial black market, it is argued, why not legalise it and institute a proper system of licensing based on the MOT formula? Each set would need to be tested each year, so that it did not emit distortions and interfere with other more essential systems like ambulance, fire or police. Not only would the market be satisfied but a new industry created.

Officialdom has not yet pronounced, though its objections are well known. The U.S. experience has often been one of anarchy, it argues, with constant interference with urgent services and a widespread growth of the citizen band variation of obscene phone calls, often two-way (and often it appears, enthusiastically overheard by others). CB still has some way to go before it has established its case.

In the industry and the marketplace, much will depend on the Post Office and the continued grant of exemptions from its monopoly, as well as on its own marketing success. Both it and the more advanced manufacturers and service organisations can easily foresee a time—a few years away—when the country will be covered with car telephone networks and radio-paging networks. Once again, the spectrum is—or is said to be—the largest limitation.

It seems, however, that one pet idea of the Post Office is unlikely to see the light of day for some years. That is pay phones on British Rail trains, a plan which is taken out and dusted at regular intervals but which is always found to be uneconomic and, the corporation argues, might not be very popular anyway. Many who take train journeys, it is claimed, do so partly to escape the telephone for a few hours. Since the cost of making a rail-call would be more than £1, it is unlikely they would change their minds on the journey.

J.L.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

How big companies respond to technological invasion

BY CHRISTOPHER LORENZ

ELECTRIC LIGHT, which this year celebrates its centenary, would have had a very different history if the massed ranks of the gas barons had succeeded in driving Thomas Edison into bankruptcy in the 1880s. They very nearly did.

Faced with the threat he posed to their very profitable existence, they introduced the nearest thing to a gas light bulb, the mantle. This was an innovation they had possessed for 50 years, but had never bothered to exploit because it would have knocked the bottom out of their traditional gas lamp business. Their last-ditch defensive innovation came within a hair's breadth of ousting the *unwelcome intruder*.

It was a similar story after the Second World War when, faced with the challenge of the diesel locomotive, made by General Motors—again an outsider to the established industry—the makers of steam engines quickly came up with an electric locomotive driven by steam turbines. As the world now knows, their rearguard action failed.

These episodes, recounted by Dr. James Utterback of the Massachusetts Institute of Technology (MIT), epitomise some of the ways established industries respond to what he calls "technological invasion," the incursion of competitors' innovations. They also illustrate an all-important point for complacent managers, that the really dramatic innovation tends to come from outside the established industrial sector.

Given the current need for European industry to step up its rate of innovation — as a response to sluggish world growth, the impact of micro-electronics, and increasing competition from the Third World — the presentations of Dr. Utterback and his MIT colleagues at a recent McKinsey seminar are of considerable importance for every businessman, whether his company is large or small, market leader or laggard, profitable or teetering on the edge of bankruptcy.

In particular, it sheds valuable light on the complex relationship between innovation in new products and new manufacturing processes, a question highlighted last week by a report submitted to the British Government by the Advisory Council for Applied Research *and Development*.

Tendency

Working in MIT's Center for Policy Alternatives, Dr. Utterback has been studying how companies respond to technological invasion of their markets. The overriding tendency appears to be for them to do just the opposite of what they are now being encouraged to do by management consultants and the more enlightened governments.

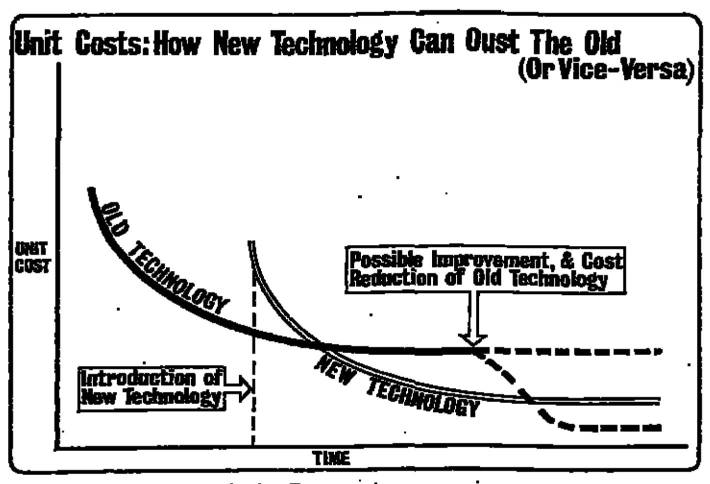
Instead of withdrawing from the old technology and getting into the new, 32 out of 34 companies Dr. Utterback studied actually cut back the money they had been investing in new products, and ploughed it into the old.

Dr. Utterback recognises the short-term logic of this. It produces a quick pay-off, since it spreads expenditure over a larger volume of production than in the case of the previous innovation project. But this policy commits the company to a course from which it is economically difficult to deviate until it is too late, he says. The dilemma is illustrated in the graph.

This form of defensive strategy is natural enough, given that the average company with a hefty financial commitment to an established product line commits its best executives and technicians to furthering the success of *that* business, rather than diverting their attention to something new, untried and of as yet uncertain profitability.

This is particularly true of vertically integrated companies, says Dr. Utterback, since product innovation can involve changes at all levels of the firm, as Ford found to its cost when it came to replace the Model T. Such companies will therefore be tempted to stave off major innovations as long as possible.

Another understandable reason for caution lies in the past experience of many companies which *have* tried to respond rapidly to external innovative threats. By adopting what Dr. Utterback describes as the wrong approach, many have come a resounding cropper.



How Dr. James Utterback of MIT sees the dilemma for companies in established technology: to begin with, the new technology has a high unit cost, and may not seem a threat. But, as production volumes and competition increase, it quickly progresses down a "learning curve" and becomes much cheaper.

By then, it may be too late for the established company to move into the new technology. Equally, it may be too late for it to improve, and cost reduce, the old technology to make it competitive again (the lower of the two dotted lines).

Take another of his examples, the way the U.S. vacuum tubes industry reacted in the 1950s to that most radical innovation, the transistor. The industry was perceptive enough to recognise the transistor's potential, but its *response was misguided*.

Not only did it fail to put its best people onto its nascent transistor business, but, he says, it failed to recognise another general rule of successful financing and marketing of innovation: that, in its early stages, a new product should usually be marketed as a high-performance, relatively high-price item, and aimed at a specialised market.

Such a strategy obviously helps to recoup development costs; less appreciated, but equally important, is that it does not over-commit production resources at a time when the design of the product is still undergoing rapid improvement.

But the vacuum-tube makers were used to a high-volume, low-price business, so it was natural for them to try to apply the same approach to transistors. They invested in process technology far too quickly says Dr. Utterback, so that they were "locked in," caught by the way their competitors quickly changed and improved their product designs.

So how should companies avoid all these mistakes? One of the most fundamental maxims propounded by Dr. Utterback and his MIT colleagues was that management should recognise that getting rid of part of one's business ("disinvestment") was not necessarily a sign of failure, just one's own part of the industrial re-structuring which Europe, the U.S. and Japan must undertake if they are to remain competitive in the 1980s and beyond.

Seen in this light, Government policies aimed at propping up failing firms are dangerous. Dr. Lester C. Thurow, Professor of Management and Economics at MIT, warned that "if you 'buy' this policy, then you're buying the option not to increase your productivity."

Reinforcing the argument that disinvestment should be seen as a perfectly respectable exercise, Dr. Edward B. Roberts, Professor of the Management of Technology at MIT's Sloan School, pointed to the carefully-controlled rundown policies operated by Japan for what it calls "sunset industries"—often including their entire removal to "*offshore*" *locations in* Asia.

Of equal importance to successful innovation was an understanding of why many product innovations tend to come from outside the affected sector, and an attempt to adapt one's management style accordingly.

Stimulated

Product innovation involved combining "market inputs" and technology together in new ways, said Dr. Utterback. The inputs might not be new, but if relations within the company were relatively informal, and employees were encouraged to take risks, then people would be stimulated to make new connections between established ideas and techniques.

Process innovations, on the other hand, tended to come from within established industries, and as such therefore, proceed in a more orderly, step-by-step manner.

Another important lesson about product innovation for companies on the defensive was that the most important application of the innovation hardly ever turned out to be the use for which it was first developed, said Dr. Utterback.

He might have added that this is of some consolation to the defender, since its late start in the new technology can sometimes be turned to its advantage—provided, again, it does not wait too long to jump into the battle for the new. This policy of behaving as a "quick second," after someone else has made the most expensive mistakes, has been successfully followed by a series of large companies over the years, including IBM and parts of Philips.

But how should companies decide which promising innovations to pursue, and which not? Predictably perhaps from an MIT luminary, Dr. Utterback claimed that the frequently-propounded maxim of sticking to one's existing marketing and financial strengths was of secondary importance compared with "diversifying round your technological core."

But several speakers at the seminar warned that successful research and development is only a small part of the successful management of innovation. "You can spend 16 per cent of your production on R. and D., but if you do not do about 40 other things right, you'll get nowhere," said Professor Herbert J. Hollomon, head of MIT's Centre for Policy Alternatives. He hardly needed to ram home his argument by pointing to the UK's long record of relatively high, but unsuccessful, expenditure on R. and D.

BUSINESS LAW

Dynamic arbitration—a new tool of contract management

BY A. H. HERMANN, Legal Correspondent

THERE IS a pressing need to replace conventional forms of arbitration and litigation in respect of long-term development projects with a system of dynamic conflict administration. This means providing a system that enables adjustments to be made to a contract during its life to meet changing circumstances.

The need to settle conflicts as they arise, rather than adjudicate on them after they have already played havoc with the relations between parties, is apparent in many fields. Preventing conflicts from arising at all is better still, of course. For trial by combat, so dear to bewigged lawyers, is of little avail in settling the aftermath of a divorce and has not proved very successful in the field of industrial relations either.

As far as divorce and family matters—care of children in particular—are concerned, most legal procedures now do not involve a battle between two adversaries. National problems of wage-bargaining move much too often from the non-adversary straight to the mutually destructive phase but in the area of more localised industrial relations, concerning both wages and conditions of work, some countries have developed more satisfactory ways of dealing with the conflicts than others.

Wider method

The resident arbitrator of large American corporations, paid half by the management and half by the trade union, is a very good example of application of the principles of preventative medicine to industry. Very similar needs exist whenever two or more parties agree to co-operate on the construction of a big factory, in a large civil engineering work or in an industrial development entailing both infrastructure, plant and transfer of technology.

The Arbitration Bill now passing through its last stages in the British Parliament goes some way towards reducing the judicial legalistic nature of arbitration concerning international contracts (other than marine, commodity and insurance) by enabling the parties to contract out of the possibility of appealing against the arbitrators' award to the High Court. However, it doesn't go far enough; the opportunity seems to have been missed to legislate for a much wider method of sorting out conflicts than can be fitted into the present concept of arbitration. In particular, it is high time the idea was given up that arbitration procedure can be invoked only after the project has been completed—as laid down in the standard forms of British building construction contracts and also in many individually drafted contracts.

Arbitration held after the completion of a long-term project, often many years after the conflict and contract difficulties arose, is not much different from a post-mortem examination. It can sometimes establish whether the patient died of natural causes, as a result of negligence, or was murdered, but more rarely does it establish who was to blame. It certainly cannot revive the patient.

In the same way arbitration held after the completion of a project can provide no help in removing the frictions and difficulties which, viewed from the best position, delayed the completion, and from the worst, made bitter enemies out of the parties who agreed on co-operation. Indeed, the apportioning of blame, which as in marriage, is usually equal, can make things even worse.

Decisions

It is because of the nature of long-term co-operation contracts that many of future occurrences cannot be foreseen at the time when the contract is signed. Leaving earthquakes and vicissitudes of weather apart, political and economic changes may affect the project, as can technical problems arising out of absence of skills in the receiving country and industrial actions in the supplying country. Technical concepts on which the project or some of its parts were based may prove unworkable and have to be changed.

All this calls for decisions which amount to the amendment or supplementing of the contract. It is of course best if the parties concerned can operate smoothly together and remove difficulties as they appear in a true spirit of co-operation without the need to have recourse to an arbitrator at any time.

Unfortunately, such smooth co-operation is not always achieved and it is therefore useful to provide in the original contract not only for a "post-mortem arbitration" but also for the "development" of the contract by an expert trusted by both parties. If such a person cannot be agreed beforehand, or there is some doubt that he *will be available when needed*, it may be useful to provide in the contract for his appointment by the Standing Committee for Contracts' Assistance of the International Chamber of Commerce.

This committee functions under a procedure adopted by the ICC in June 1978 entitled Regulation of Contractual Relations. A contract clause drafted with reference to this procedure will oblige the contracting parties to submit problems, as they arise, to the arbitrator who will propose a suitable solution, not according to a legal interpretation of the contract but according to what is best for the completion of the project.

The parties to the contract can agree either that they will treat the proposals of the arbitrator only as recommendations, or that they will accept them as fully binding. If they go the whole way and agree on the binding nature of such arbitration they must pay attention to both the substantive and procedural provisions concerning such arbitration contained in the law governing the contract and the arbitration.

In most legal systems there is nothing to stop the parties to a contract empowering a third person to determine the specific nature of their duties under changing circumstances. There may be difficulties in the civil law countries, particularly in France, because of the fluid frontier between the determination of duties under a contract and a judicial function. The Italians found a way out by developing the institution of *arbitrato improprio* or *irrituale* which sets this sort of function apart from the ordinary, judicially conceived arbitration.

The new British Arbitration Bill would make such arbitration easier by enabling the parties to contract out of a judicial review by the High Court. English law also provides a good basis by requiring independence and neutrality in all quasi-arbitral functions, such as that of certifiers, valuers and loss-adjusters.

Uncertainty

In German law there is uncertainty whether the function of a third person empowered to amend and develop a contract falls under the substantive rules of the law of contract or under the procedural rules of arbitration. Some German authors tend towards the English concept of quasi-arbitration, which contains a mixture of both substantive and procedural chinks. Also the Swiss law seems to be open to this possibility, in particular the New Civil Court Procedure, in force in Zurich since January 1, 1977, enables the arbitrator, if nothing else was agreed, to order the same interim measures of protection as can be ordered by a Zurich court. This of course does not provide a complete legislative basis for conflict administration but is a strong indication that even lawyers are beginning to see the light of day.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Short-term tax rules

On several occasions I have read in your columns (and elsewhere) of the special tax rules that apply to the first three and the last three years of self employment or partnership and of how a little judicious care is financially beneficial. Nowhere, however, have I read of the tax rules that apply if the whole business operation lasts for less than six years. Could you explain the situation please?

When the trade etc. lasts for less than six tax years, the commencement and cessation rules overlap. For example, the third year of a five-year trade would originally be assessable on the basis applicable to a third year (*as explained in Mr. David* Wainman's article "Self-employed joys" on October 21, 1978), but would eventually also be subject to the rules applicable to an antepenultimate year.

A two-year (or one-year) trade would inevitably be assessed on the current-year basis throughout its short life.

Ownership of paid cheques

For some time I have been making inquiries as to the ownership of paid cheques, but have received evasive replies from the bank. Can you tell me please what is the legal position?

We cannot offer you any clear ruling in law on the ownership of paid cheques. Curiously enough it does not seem to have arisen for decision in the Courts. However on general principles of law the cheque would appear to belong to the Bank on which it is drawn, on the same principle as letters belong to the addressee.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

Income tax and the low paid

BY COLIN JONES

THE LOW paid will always be with us. Even if their wage packets were to be boosted by productivity deals, by an agreement to trade higher pay against fewer jobs, or by bringing in a statutory minimum wage (which would simply price many low-paid workers out of a job and *set off pressure further up the scale for differentials to be maintained*), there would always be someone at the end of the line. Even if living standards were double what they are now, there would still be *someone at the base of the pyramid.*

So long as living standards are at their present level, however, it is hard to see why the low paid should be taxed as heavily as they are. This does *not mean that a substantial* increase in tax thresholds is the answer to the present round of claims from the lower paid. The Government will be hard put as it is to find ways of keeping its borrowing requirement to a manageable level without taking on this further commitment.

Real earnings

But the present weight of *taxation is not making it any* easier to encourage moderation. As a recent article in the National Institute Economic Review showed, there is growing evidence of workers becoming more conscious of the effect of inflation on their take-home pay, after tax and national insurance contributions, and as a result of wage claims becoming more strongly motivated by a desire to achieve target increases in net real earnings.

There is no over-riding reason why tax thresholds should not fall over time as living standards *rise. But the fall in tax thresholds* in the last 25 years has gone far beyond adjusting for the rise in real incomes. In the early 1950s the threshold for income tax was pitched at a level which just about excluded *the man on average earnings* with two children under 11. Today, the threshold has fallen to a point where virtually every adult in full-time work pays tax.

When the last tranche of child tax allowances goes in April, the starting point for income tax for the man with two children under 11 will be 32 per cent of average earnings if the Chancellor revalues the personal allowances in line with prices and 29½ per cent if he does not, as against 43 per cent two years ago. True, his wife will then be receiving £8 a week in tax-free child benefit. But how many wage claims—from the low paid or anyone else—take account of that?

A low tax threshold is only one aspect. What distinguishes the UK tax system is the combination of a low starting point and a higher starting rate of tax. Last year's reintroduction *of a 25 per* cent lower rate has not altered the picture, as the table shows, especially if social security charges are included.

Farcical

The UK figure of £2,485 a year (£47.80 a week) is well within the bottom earnings "decile" (poorest tenth) for men. It is only fractionally larger than half average earnings, the point below which—as *a concession to the low paid*—increases of more than 5 per cent were to be allowed at the start of the present pay round. It is well below the ceiling for family income supplement and other benefits. Indeed, because *of the "poverty trap"* caused by the overlap of the tax and social security systems, pay increases at this level of income can suffer a *marginal* tax rate, including loss of benefits, of close to 100 per cent or more.

What makes the situation farcical is the fact that the tax and social security systems are now the principal cause of the growth in the civil service. Yet most Chancellors have flinched from a really substantial increase in real tax thresholds because of the revenue they would forfeit. This is yet another example of the way in which the public sector's hunger for resources gets in the way of a sensible approach to tackling our problems.

WHO PAYS TAX AT 40%

Gross income at which a married man with 2 children under 11 starts paying tax and social security contributions at a marginal rate of (or near to) 40%: 1978-79‡

	Income £	Marginal rate %
Japan†	43,330	41.7
France	39,760	37.0
Canada†	28,465	39.0
USA†	17,100	39.0
W. Germany	16,190	40.0
Luxembourg	15,855	41.0
Italy	14,360	40.0
Australia	9,230	47.5
Belgium†	8,175	44.3
Sweden†	8,090	40.0
Denmark†	7,020	33.0
Eire	6,775	45.0
Netherlands	5,140	40.6
UK	2,485	39.5*

‡ France 1977. * Tax at 33% and NIC at 6½. † State or local income taxes may also be payable.
Source: Hansard: Vol. 960, col. 512-516.

An 18th century garden of delights

GARDENS TODAY

BY ROBIN LANE FOX

THIS MISERABLE winter is leaving us all with the prospect of a busy spring. Until the weather clears and the ground dries, there is not much that you and I can usefully do. Like many observers of Iran, we gardeners believe that things with us too will eventually resolve themselves and allow us to get on with the job. It will not be quite the same job, as much has been lost on the way through. After a long fight, my myrtles have at last gone down to the frost. There are holes in the rosemary, gaps in the lavender and no signs of life in my prize ground-cover plant, a white South African daisy which has *objected to a dry* autumn, then a deluge and now frost.

Cheered

Somebody wrote to tell me *that this column was* the one thing in the newspapers which cheered him up. He must have read it in an untypical week. Were gardens, however, always such a gamble and a source of despair?

I have often wondered what gardens really looked like, before, say, 1840 and the flood of new plants which were discovered in the East. I exclude the bold landscape gardens, for we all know their outlines, if *only from the few original* parks which have survived the plough and the elm disease. We can still begin the 18th century with a tour through *the prints* of Kip and his country-seats. There is far more history and contemporary plans or aspirations in these fine views than many, to date, have allowed.

We can close it, again in England, with Repton's Red Books and feel that we know very well what grand gardens tried to be in the one country which had any clear ideas on the matter during this period. But that does not answer my question. Most of these grand parks were not really gardens at all.

Repton allowed for only a few plants and flowers near most of his houses. The country seat gives us little idea of what lesser gentlemen actually grew. I have grumbled so much at this January and February, only to be told that gardeners have always grumbled and that nothing better could ever be expected. To my glee, I now find a humble source which shows how such grumbles cannot always have been in order. For, *it is still possible to see* into an earlier 18th century garden and follow its flowers right round the calendar. While we wait to finish our winter planting and to count the costs of the frost, I would like to *alarm you with the seasonal list of plants to be found* in the garden of one Thomas Fairchild back in February, 1723.

There are other early calendars of flowers, but they are either too dull or too idealised. There is nothing quite like Fairchild's list. European gardens had long been richer in monks and evergreens than in abundant garden flowers. Enthusiastic Englishmen had favoured enclosed flower-beds, but they tended to print lists of flowers for the year without ever growing one of them themselves—gardening columnists, it seems, go far back in the British pedigree.

But Fairchild can be trusted. Since the 1690s he had occupied an old garden in Hoxton in the London area. He used it as the commercial nursery of his day. He grew a wide range of stock which was sent out to lesser flower beds. He was also a botanist, so he kept good notes. He crossed pinks and sweet williams, discovered a new hybrid, and wrote a masterly paper on the circulations of sap. There is no European contemporary who shows quite such a practical training and base for his gardening interests, nor is there any such index to the gentry's flowers of that date.

Sitting through historical films, I have often wondered whether the garden plants in the background are in keeping with the period. Mr. Fairchild gives us a clear standard. He also puts me to shame. Perhaps 1723 was not a chilly year. But in February, he lists such a range of flowers in his garden that I doubt if many, now, could match him, least of all in 1979.

Double and single snowdrops, green-flowered hellebore foetidus, and white-flowered Christmas roses are still on general release. But who has "double stocks of several colours" in flower nowadays in February? I presume that Fairchild raised them in pots under glass, for his list of February flowers includes oranges and anana's or pine-apple fruit, both plants for a heated house. No doubt the stocks resembled our long-flowering bromptons. Forced for their scent as pot-plants, they are an idea worth reviving from 1723.

One or two names are more elusive. Venetian vetch and canary campanula defy my efforts *to trace them*. But there is no mistaking the 20 sorts of crocus, an amazing range of 40 different narcissi, dwarf almonds and the pretty white wallflower with double flowers. These double wallflowers are another loss, quite the *last thing* we expect to cheer up a modern February. Muscary hyacinth is a charming name for our less romantic "grape" variety. Sweet-scented and spring cyclamen make one hesitate. All these were *flourishing* in days when London's suburbs were anything but a smokeless zone in winter.

Daphnes were a reliable stock. We would do well to remember them, not just the upright bushes of the fickle mezereon with heather-pink flowers, but the fine white form *with greenish* centres and the neglected spurge laurel, or daphne laureola, whose quiet green-yellow flowers are so easy and interesting in a sweetly-scented way in any half-shaded corner or space under trees. I like its smart evergreen leaves and prefer it to most true spurges, except the invaluable euphorbia robbiae. Its harmony of a dark matt green leaf and acid green-yellow flower turns up, too, among Fairchild's garden spurges. Before you write off gardens of the past, be sure that at this season you can match his double primrose, blue and white periwinkle and mixed carnations—late winter, in 1723, could be a cheerful occasion.

Fairchild's February garden would hold its own with any modern winter planting. Listing flowers, he omits coloured bark and berries. No doubt he appreciated them too. If you believe in progress, his gardening calendar *is* worth a look. Things have not always been so bad as this year.

Forgotten man

On October 10, it will be the 250th anniversary of Thomas Fairchild's death. A largely forgotten man, he still has something to say to gardeners frustrated by sharp European weather. In his way, he is also the first known gardening journalist. He has a lot, then, to answer for. But a reading of his *garden* month by month will persuade you that himself, he is not at all a man to be regretted.

Good prospects for Ascot eleven

RACING

BY DOMINIC WIGAN

IN SPITE of the absence of Night Nurse and Gaffer the Reynoldstown Chase at Ascot this afternoon should be quite an event for the 11 runners including Border Fort and General Branca.

The first-named, although a well-beaten third behind Tragus and Roller-Coaster in Fontwell's Peter Duncanson Memorial Trophy on January 22, will, I am sure, go well. Andy Turnell's Marlborough seven-year-old, who had made rapid headway to put himself in a challenging position behind Tragus with a mile to go, *looked the only threat to the* Bury St. Edmunds gelding when losing all momentum with a blunder at the fifth from home.

If, as I anticipate, he suffers no similar lapses of concentration Border Fort should prove too experienced for the twice-raced Gordon Richards raider, General Branca, who has been sent on the 800-miles round trip from Greystoke after a fluent Ayr success over Loudon Gay.

Half an hour before the Reynoldstown, Diamond Edge, a stable mate to that chaser of the moment, Gaffer, will be a popular choice for the Whitbread Trial Chase. The Honour Bound gelding who might now be bidding for a seventh successive victory but for a *mistake which unseated his rider* in Cheltenham's Fred Withington Pattern Chase 14 months ago, has already obliged on three occasions this term.

A six lengths winner of a handicap at Devon and Exeter on December 15 Diamond Edge then took advantage of a stone concession from Master Spy in the *Green Highlander Chase* at the last meeting here before getting the better of Alverton at a diffrence of only 3 lbs in Sandown's Leisure Caravan Parks Chase.

Although he was all out to make the weight difference tell on the Esher course Diamond Edge undoubtedly put up a *smart performance* as is supported by the fact that Master Spy (whom he was re-opposing on 6 lbs worse terms than in the Green Highlander) was left trailing 15 lengths back in third place.

There is little reason why Master Spy should make up that leeway on 6 lbs better terms and it is probable that Valiant Charger will provide a far stiffer test.

Fred Winter's good-looking Light Brigade eight-year-old, a narrow conqueror of Albury Lad and Fisherman's Cot in the second half of last season, impressed me tremendously with his 10 lengths Kempton success over *Shifting Gold* on Boxing Day before he blotted his copybook with an out of character blunder at the 12th in the Green Highlander.

In what should be a closely fought affair the Uplands representative may be just good enough to take advantage of the 7 lbs he receives from his neighbouring *Saxon House rival.*

ASCOT

12.55—Cheltenham
1.30—Orangeman
2.00—Stopped*
2.30—Rodman
3.00—Valiant Charger***
3.35—Border Fort**
4.10—Ramrod

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.38 For Schools, Colleges 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Fingerbobs. 2.01 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.05 Graham's Gang. 5.35 Noah and Nelly.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Noel Edmonds' Lucky Numbers.
7.35 Morecambe and Wise at the BBC.
8.05 The Aphrodite Inheritance.
9.00 News.
9.25 Sportsnight.
10.15 The Risk Business.
10.55 Tonight.
11.35 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—11.00-11.20 am and 2.18-2.38 pm For Schools. 5.55-6.20 Reporting Scotland. 11.35 News and Weather for Scotland.

Wales — 2.18-2.38 pm I Ysgolion. 5.05-5.35 Bilidowcar. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.05-7.35 Ar Y Brig. 11.35 News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

7.05-7.55 am Open University.
10.20 Gharbar.
10.45 Parosi.
11.00 Play School.
1.50 pm Racing from Ascot.
4.50 Open University.
6.55 Top Table.
7.30 Mid-Evening News.
7.40 The World of Rugby.
8.05 Man Alive.
9.00 Tigris.
9.50 M.A.S.H.
10.15 The Innes Book of Records.
10.40 Cricket: Sixth Test. Australia v England (highlights).
11.10 Late News.
11.20 Arena: Cinema: Jacques Tati

LONDON

9.30 am Schools Programmes. *12.00 Cloppa Castle.* 12.10 pm Daisy, Daisy. 12.30 The Cedar Tree. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. *2.00 After Noon Plus.* 3.20 Kitchen Garden. 3.50 Letter By Letter. 4.20 How. 4.45 The Book Tower. 5.15 Little Vic.

5.45 News.
6.00 Thames At 6.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Liberace's Valentine Night Special.
9.00 "Streets Of F.E.A.R."
10.00 News.
10.30 "Streets Of F.E.A.R." (continued).
11.15 Guinness Golden Darts.
11.45 What the Papers Say.
12.00 am Close: Geoffrey Hinshiff reads from the Book of Job, illustrated by William Blake.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 2.25 Family. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.15 *Westside Medical.* 12.15 am The Big Question.

ATV

1.20 pm ATV Newsdesk. 5.15 The Rolf Harris Show. 6.00 ATV Today. 11.15 Bachman-Turner Overdrive.

BORDER

11.20 pm Border News. 2.00 Houseparty. 2.25 Family. 5.15 Rolf Harris Show. 6.00 Lookaround Wednesday. 11.15 The Practice. 11.45 Special Edition. 12.10 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 Family. 5.15 *Emmerdale Farm.* 6.00 Channel News. 6.10 Funky Phantom. 10.28 Channel Late News. 11.15 Celebrity Concert. 12.10 am Epilogue followed by news and weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 *Grampian Today.* 11.15 Reflections. 11.20 Westside Medical. 12.15 am Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 2.00 Live From 2. 5.10 Max, the 2,000 Year Old Mouse. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Give Us A Clue. 11.15 What The Papers Say. 11.35 Survival Special.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 *Emmerdale Farm.* 9.00 "55 Days at Peking" starring Charlton Heston, Ava Gardner, David Niven and Flora Robson. 10.30 "55 Days at Peking" (continued).

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 'Rydw I Am Fod . . . 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm *News and road and weather.* 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Best of Weir. 11.15 Late Call. 11.20 Love Story.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Young Ramsay. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day by Day. 6.20 *Scene Mid-Week* (South East Area Only). 6.45 Dick Barton—Special Agent. 9.00 "The Family Way" starring Hayley Mills. 10.30 "The Family Way" starring Hayley Mills. *10.30 "The Family Way" (continued).* 11.35 Southern News Extra. 11.45 The Electric Theatre Show.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Where the Jobs Are. 5.15 Laverne and Shirley. 6.00 *Northern Life.* 11.15 *Alexander Robertson in Concert.* 11.45 Epilogue.

ULSTER

1.20 pm Lunchtime. 2.25 The Electric Theatre Show. 2.55 Untamed World. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 11.15 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Emmerdale Farm. 6.00 Westward Diary. *10.28 Westward Late News.* 11.16 Celebrity Concert—Al Martino. 12.10 am Faith for Life. 12.15 West Country weather and shipping forecast.

YORKSHIRE

1.20 pm Calendar News. 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 11.15 Electric Theatre Show. 11.45 *Stars on Ice.*

F.T. CROSSWORD PUZZLE No. 3,897

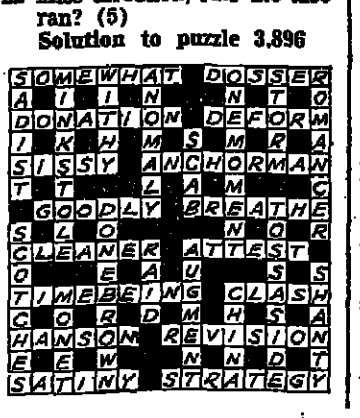
ACROSS

1 Summary to begin again (6)
4 Isolate one left in sand (6)
8 Horse that should make a *flying start* (7)
9 Soldier and airmen half fear ruminant (7)
11 Leader with powerful following is obstinately self-willed (10)
12 Dilute gas in can (4)
13 *Sudden fright from* vessel I captured initially (5)
14 Topside joint or maybe a blow (8)
16 Search for a viewpoint (8)
18 Cook in right oven (5)
20 Meat to cut up (4)
21 Fellow in fable is to be forgiven (10)
23 Regret giving soldiers more *round the south* (7)
24 Disappear around river-head and gloss over it (7)
25 They accept alternative explanation (6)
26 Dog that should be true to type? (6)

DOWN

1 Pass a rope through bird (5)
2 Substitute to tolerate at home (5-2)
3 Must accept gas before pain from facial growth (9)
5 Music from southern side of stage (5)
6 Apt to be seen in strange road making electrical connection (7)
7 Devout leader if going down and up before formal worship, could be hard to please (9)
10 Spontaneous music heard in church (9)
13 Writing material for church people in part (9)
15 Fire in side where vicar lives (9)
17 Imagine having to stand after drink (7)
19 Opposed to a win on the way (7)
21 Problem for a model (5)
22 *Miss direction, like the also-ran?* (5)

Solution to puzzle 3,896



Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
				London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am: As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Steve Jones (S). 7.32 Cricket: Sixth Test (report). 7.34 Terry Wogan including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). *12.15 pm Waggoners' Walk.* 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 Robin Richmond (S). 7.30 Listen to the Band (S). 8.15 The Magic of the Musicals (S). 9.02 The Impresarios. 9.55 Sports Desk. 10.02 My Sainted Aunt. 10.30 Bill Oddie says Be My Guest. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.02 Cricket: Sixth Test (report). 2.04-5.00 You and the Night and the Music with Bill *Rennells including* 4.30 Cricket: Sixth Test (report).

RADIO 3

‡4.45-7.05 am Cricket: Sixth Test—Australia v England. 7.00-7.05 News (VHF only). 7.05 Weather. 7.08 Your Midweek Choice, part 1 (S). 8.00 News 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Chopin (S). 10.00 Music for Organ (S). 10.40 Music from Russia (S). 11.25 Midday Concert, part 1 (S). 12.15 pm Interval Reading. 12.20 Concert, part 2. 1.00 News. 1.05 *Concert Hall (S).* 2.00 Symphonies from the New World (S). 3.00 The Shostakovich Quartets (S). 3.55 Romanian Folk Music. 4.35 Schubert concert (S). 5.10 Young *Music Makers* (S). 5.25 Homeward Bound (S). 5.45 News. ‡5.50 Homeward Bound (continued). 6.15 At Home: The Voice of Birgit Nilsson. 7.10 Zimmermann and Stravinsky concert, part 1 (S). 7.55 Interval Reading. 8.05 Concert, part 2. 8.45 Speak To Us Of Love: Anthology for St Valentine's Day (S). 9.30 Wigmore Hall Summer Festival 1978; *Song recital, part 1* (S). 10.10 The Arts Worldwide. 10.30 Wigmore Hall Summer Festival, part 2 (S). 11.05 Bliss and Walton (S). 11.55-12.00 News.

VHF only—6.05-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 The Living World. 9.35 On Location. 10.00 News. 10.05 Gardeners' Question Time. 10.30 *Daily Service.* 10.45 Morning Story. 11.00 About Face. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 Tell Me Where It Hurts. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre. 3.50 Choral Evensong. 4.35 Story Time. *5.00 PM:* news magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 James Cook, A God *in the Pacific.* 8.45 Analysis: The Saudi Dimension. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Cool Web (S). 11.00 A Book at Bedtime. 11.15 The *Financial World Tonight.* 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 *London Live.* 12.03 pm *Call In.* 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 In Concert. 10.03 Late Night London. 12.00 As Radio 2. *12.05 am Question Time from the House of Commons.* From 1.05: As Radio 2.

London Broadcasting

5.00 am Morning Music. 6.00 A.M.: *news, information, travel, sport.* 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Mike Smith (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.03 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Kerry Juby's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

THE ARTS

New York Music

A mid-season report

by ANDREW PORTER

The New York Philharmonic's season runs from September to May. In the regular concert series there are 32 programmes, and each is played four times. (That is the basic pattern, though a few are played only three times.) Zubin Mehta, the orchestra's new music director, conducts half of them. The other conductors this season are Gielen, James Levine, Rostropovich, Leinsdorf, Barenboim, Rozhdestvensky, Abbado, and Leppard. All Schubert's symphonies are being played; otherwise the composers most amply represented are Brahms (three symphonies, four concertos), Chaikovsky (two symphonies, two concertos, and *Manfred*), and Beethoven (two symphonies, three concertos).

Mehta conducted the first five programmes (20 concerts) himself and in addition two special benefit concerts. At the first of these, Horowitz played Rakhmaninov 3 grandly, subtly, and brilliantly; at the second, Rudolph Serkin played Beethoven 4 decisively and intently but without the old certainty of technique. Mehta and the orchestra stayed in the background, as accompanists, not contributors. In four of the first five regular programmes there was some contemporary or at any rate "modern" (Webern, Varèse) music.

Both Varèse's *Intégrales* and Webern's Six Pieces were vividly done. They were not like Boulez performances—sounds set out carefully and exactly in space and time—but *projected*. There was more colour in the orchestra's playing than there has been for a long time. For his fifth programme, when a new Boulez work originally scheduled was not ready in time, Mehta adventurously billed the American première of Peter Maxwell Davies's symphony. The performance was not as exciting, picturesque, or committedly energetic and loving as Simon Rattle's with the Philharmonia, but it was ably and professionally executed, and during the run of the four performances the Philharmonic players sounded the long melodies and bright, clear colours with increasing eloquence.

Mehta seems to be at his best when a difficult new score challenges his competence and claims all his attention. In the standard repertory—Schubert, Brahms, Beethoven, Wagner, Ravel, Prokofiev—his performances have struck me as an odd and disappointing mixture of the commonplace with the inexplicable; and he often seems to be very much aware of the audience. The orchestral playing has been for the most part undistinguished. So like most of my friends, I have now simply stopped going to the Philharmonic unless there is an exceptional work or an exceptional performer as inducement. Levine preceded the Druckman Viola Concerto already noted in these pages with a substantial, less flamboyant, deeper-toned account *Rienzi* overture than one Mehta had given earlier in the season, but he followed it with a Brahms 4 that sounded pedestrian in comparison with his recording of the symphony with the Chicago orchestra. Rostropovich waved his way emotionally through unshaped performances of Shostakovich 9 and *Manfred*. Currently Leinsdorf has a three-week Philharmonic stint, with Met *Elektras* fitted in between the concerts.

Visiting orchestras—Chicago, Boston, Cleveland, Philadelphia, Baltimore, Washington, etc., and a stream from abroad—come to Carnegie Hall, a far more agreeable place; and that is also the home of recitalists who hope to draw a big public. Janet Baker filled it, and thrilled me with her account of Haydn's cantata "Miseri noi, misera patria," with her dramatic rendering of Stanford's ballad "La Belle Dame sans merci" with Duparc and Debussy. She refuses to sing opera in America—the conditions of American opera-giving do not suit her—but audiences could glimpse the flavour of her Vitellia, her Charlotte—and, in a cabaret encore, *Vocal Modesty*, by Thomas Pasatieri—her mischievous, merry Dorabella in this memorable recital.

Youri Egorov, the 24-year-old Russian émigré pianist now living in Amsterdam, was heralded with yucky publicity as the boy who wasn't even placed in the Van Cliburn competition, the youth whom women fantasise about hugging. I went expecting little more than a pretty face and fleet fingers—and stayed to admire the biggest young pianistic talent I have ever encountered. He is serious, poetic, unflamboyant, unconcerned to display how exquisitely, how loudly, or how fast he can play. Bach (the Chromatic Fantasy) and Mozart (the C-minor Fantasy without its sonata) were good. Chopin (the F-minor Fantasy) was very good. Schumann (the C-major Fantasy) was sublime. His technique seems boundless (miracles of delicate virtuoso poetry in *La campanella*, an encore), but what held one spellbound was the long, linear thought, the fancy, the very free Romantic rubato that did not loosen structure but made it clear.

George Rochberg, 60 last July, has written a series of three string quartets, Nos. 4, 5, and 6, the *Concord Quartets*, intended to be played in a single programme. Rochberg is a very skilful but rum composer, who proceeded from avant-gardism, through a collage technique not far from Zimmerman's (his *Music for the Magic Theater*, recorded on Desto, is the most notable example), to unabashed tonal nostalgia (most manifest in the *Ricordanza* for cello and piano, a paraphrase of Beethoven's Op.102 No. 1, recorded on CRI). The Violin Concerto he composed a few years ago for Isaac Stern struck me as a concession to audiences who wanted "contemporary music" without tears. There is substance more arresting in the *Concord Quartets*. Their dedicatees, the Concord Quartet—an admirable body, lean, alert, and very musical—played them in Alice Tully Hall last month. The span of styles is from Haydn to Berg (extended by a variations movement that starts with a Pachelbel transcription). As a listener of wide sympathies, I'm in sympathy with a composer who sees merit of all kinds of music through all the ages. The *Concord Quartets* make for lively and attractive listening, since Rochberg has plenty of fancy. But when he embarks on a Beethovenian development method without Beethoven's force and intensity the effect is diconcerting.

A new organisation, the Society for British Music, is doing a series of five chamber concerts with Bax as the central figure in each and Bliss, Rawsthorne, Rubbra, Ireland, Ferguson, Howells, etc., around him. More recent British music—Tim Souster's and Michael Nyman's—figured in three January concerts the Steve Reich Music Foundation gave at the Guggenheim. I'm not sold on "minimal music." After 10 minutes of simple diatonic chord sequences repeated—Nyman's *Bird List Song*—my mind begins to wander, however bright and exuberant, even exhilarating, the execution. I can take a lot more of something like Reich's own *Music for Eighteen Musicians*, with its colour changes, shifting phases, and big-band virtuosity. But Souster—to put it no more specifically—"has something." I'm not sure what, but he kept me listening, and pleased. Of the native composers on the programmes John Adams, a New Englander now working in San Francisco, made the most impact. His *Phrygian Gates* is a virtuoso piano piece (it was brilliantly played by Ursula Oppens) about which my only reservation was that it sounded like a piano transcription of a toccata really meant for an ensemble of xylophones and marimbas. Adams's *Shaker Loops*, for string ensemble, was full of interest.

Finally, cellists, Nathan Rosen, the latest Chaikovsky prizewinner, opened a new recital hall, Abraham Goodman House, just north of Lincoln Center with a big, golden tone. Colin Carr, the young British cellist, was hailed a stunning performer. ("I din't hear him, because I was at the Guggenheim that night.) Frederick Zlotkin (son of Felix Slatkin the conductor and Eleanor Slatkin of the Hollywood Quartet; brother of the rising young conductor Leonard Slatkin) impressed me mightily when one evening I dropped into my local church—not as a critic, just to hear some agreeable chamber music—and heard Schumann's *Fantasiestucke* sizzle out as if they were fresh from Schumann's pen. Zlotkin plays with passoin that isn't splurgy, a big tone that isn't fat, and a line that holds one intent. Kodaly's Duo and Mendelssohn's C-minor Trio showed his sensitivity as a chamber player, taking as well as giving colour.

Television

The BBC's race towards trivia

by CHRIS DUNKLEY

The last serious national daily current affairs programme left on British television, *Tonight*, is to be axed in the autumn to make way for a chat show four nights a week, according to current rumours. Furthermore, the latest reports say that the original idea of simply moving *Tonight* from BBC1 to BBC2 has been dropped and that the series is to be abandoned entirely.

In its place, it is said, will be a chat show costing £2m a year, videotaped at 6.00 in the evening for transmission at about 10.45 the same night, recorded *somewhere in the centre of* London, possibly a hospital lecture theatre, so that West End stars will be able to participate. Plans are to have an outside broadcast unit detached permanently for the job, and to include live audiences and a band. Michael Parkinson will launch the series, though other chairmen might be introduced later. Shorthand working title for the scheme on the sixth floor of Television Centre is "The Entertainment."

Now there is nowhere in the world that rumour travels faster than within the headquarters of the mass communications media themselves. If you think the gossip-mongers in your office or factory develop remarkable efficiency when it comes to passing on tittle tattle, just imagine what an entire staff of dedicated professionals can do at the BBC.

Their stories may be scare-mongering, or at any rate exaggerations. Certainly on the *management side the attitude* is that nothing precipitate is going to happen, that they would never suggest a formula which entirely abandoned serious daily current affairs, that even if they did the Board of Governors would not stand for it, and that not all chat shows have to be mindless. The man most often mentioned as a potential editor for the chat series is Derrick Amoore, and it is true that his experience is in news and current affairs programmes such as *24 Hours* and not in the Light Entertainment Department which makes *Parkinson*.

However, it is also true that inside the BBC's Current Affairs Department a considerable number of staff are now convinced that *Tonight* will indeed be scrapped. They believe that even if Denis Tuohy and the rest of the team do turn up in some transmogrified series on BBC2, the long term effect will be a reduction in serious and really topical current affairs coverage.

Perhaps time will prove them wrong. But even that possibility does not reduce the significance of their present alarm and depression considered as a symptom. Why should a body of experienced and mature broadcasters be so ready to accept that BBC management is intent upon cutting back serious programmes in order to increase the amount of "chat?"

Michael Parkinson

Denis Tuohy

Can the staff actually believe that their managers, men such as Alasdair Milne, the managing director of television, Bill Cotton Jr. (channel controller BBC1) and Brian Wenham (controller BBC2) really think there is at present too little gossip on screen, that we are deeply in need of an increase, and that the country's only surviving half-way serious daily current affairs programme must consequently be shoved aside to make room for more of it? *More* chat?

The answer, surely, is that if in addition to making television the staff also watch it with any care, they might reasonably believe precisely that. They might go further and decide that there is no sign of a coherent philosophy of any sort behind current affairs programmes.

Looking first at the general programme mix offered these days by the BBC, nobody over the age of 25 could miss the acceleration in the drift towards the mediocre. The reason for that does not seem to be that the programmes are accidentally falling short of their targets, but that sights have been deliberately lowered. Time was when BBC television simply did not make intentionally demotic programmes, but now the corporation broadcasts a growing number of series in which matey-ness is a primary requirement, and great care appears to be taken to avoid any hint of a demand upon the viewer.

Of course *Horizon* goes on, and demanding series such as *Men Of Ideas* are still made. That does not alter the fact that the balance is changing in favour of the trivial. And that is why current affairs staff are quite ready to believe that *Tonight* is to be sacrificed to *Parkinson*.

Why should they believe otherwise when they see that *Blankety Blank*, the latest BBC word game, instead of requiring from its participants or viewers even a fraction of the wit or ability of *Call My Bluff* (which itself is hardly God's gift to highbrows) calls instead for slack-jawed inanity? What can they possibly think when "sports" programmes are launched with the deliberate intention of avoiding excellence and pursuing a median, as occurs in *The Superstars* where an Olympic runner it made to look as inept as you or I would in a canoe?

What else can they conclude after watching programmes such as *Noel Edmonds' Lucky Numbers* which proceed from the assumption that a gossipy telephone call from "Neil in Shetland" ("Hello? Neil? Are you there? Neil? In Shetland? Well then is Madeleine there in Wallasey?") is of national significance?

Even those of us who have spent many contented hours in pubs accompanying conversation and drink with endless games of darts must have recognised last week that the BBC had edged another slippery sideways step towards the paltry when they devoted 60 minutes on Saturday, 45 minutes on Sunday, 40 minutes on Monday, 50 minutes on Tuesday, 50 minutes on Wednesday, 35 minutes on Thursday, and 50 minutes on Friday to *darts*.

Since they work for the BBC, the current affairs people must realise as well as anyone their organisation's great difficulties: the shortage of money, disregard from Westminster, disapproval from Whitehall, *unparalleled commercial success* from their ITV competitors, and so on. The temptation of BBC programme controllers to scamper down market and prove that at least they can still amass ratings—even if it does mean organising *Shore Halfpenny Superstars Phone In*—must be as clear to them as to anybody.

Perhaps some of them, however, expect their top brass to resist such temptations. Perhaps they still believe that one of the duties issuing from the privilege of licence fee finance is that of sustaining a reasonable supply of serious programmes, including regular current affairs.

Yet when those BBC staff narrow their examination of programmes from the general to their own particular area they presumably feel even more dispirited. Four months ago the excellent early evening BBC2 series *Newsday* was scrapped *amid* protests (not least from this column) that time for serious current affairs was being lost. Not so, said the BBC, it would be replaced by a whole collection of separate specialist series on different days of the week.

Looking through the schedules now you find that in place of *Newsday* every night from Monday to Friday, you are offered *Newsweek* on Thursday and the weekend series *On The Record* and *Assignment*. It is conceivable that this is preferred by BBC management since they now have three neatly predictable programmes with seven-day preparation periods instead of five unpredictable and free-ranging editions of *Newsday*, mostly with a mere day's run-up. But any intelligent viewer will see the new arrangement as markedly inferior and to him it will certainly appear that, as forecast, time for serious current affairs has indeed been lost.

Newsday having been successfully spirited off the air and disposed of without much fuss, it may be announced come the autumn when BBC1 gets its new chat show that BBC2 will launch a new current affairs series on weekdays—called *24 Hours* perhaps, or even *Tonight*. The number of people who will notice that the BBC will thus have managed in less than 12 months to reduce its serious daily current affairs series by 50 per cent will probably be about one-tenth of the number watching *Blankety Blank*.

Of course with ITV's *Weekend World*, *TV Eye*, and *World In Action* out-gunning the BBC by then, and with the BBC in its second infancy concentrating increasingly on *Intergalactic Ludo/Super Duper Stars*, the question will be: is there any point in retaining a licence-fee financed broadcasting system at all?

Half Moon

Heart of Darkness

by B. A. YOUNG

Heart of Darkness is one of the three stories in Conrad's *Youth*, and was written just at the turn of the century. It is a tale depending as much on atmosphere as on action, though there is action in plenty. It begins in London and moves via the Continent to the West Coast of Africa and the River Congo (though Conrad never names it specifically).

Marlow, the narrator, is skipper of a little stern-wheeler plying between the stations of a trading company. He is fascinated by the legends attaching to Mr. Kurtz, in charge of an up-river station. Mr. Kurtz (whom readers of Eliot know from the epigraph to *The Hollow Men*: "Mr. Kurtz — he dead") is a mystery man. He sends down more ivory than anyone else, yet hardly anyone ever sees him.

When Marlow arrives, he is only just in time to take the sick Mr. Kurtz away, but he learns a lot about him. He has organised a raid on the steamer because he doesn't want to be taken away. He is on good terms with the local tribe, and uses them to raid the countryside. He is a man of culture and a poet. Yet it is an essential part of the narrative that he should never emerge clear and firm.

Philip Osment and Lizzie Queen

Though this is all the plot, it's by no means all the story, for Conrad fills it out with a vast amount of incidental detail, all conscientiously included by the anonymous adapter. We have a rhapsody on the Thames, the first sickening sights of the coast station, sketches of the white traders, the difficulty of doing repairs, the attack by the natives from the river-bank. Having just read the book, I found no trouble in following the tale and identifying the dozen or more characters played with only a modicum of characterisation by the company of four. I found it exhilarating. But I am not sure that I should have done so without preparation, though the quartet—Alan Butler, Eugene Lipinsky, Philip Osment and Lizzie Queen, directed by Les Davidoff—do their utmost, and Mick Bearwish's protean set serves every requirement.

If, as suggested in the programme, the company believes that the story is aimed against colonialism, I think they are mistaken. Colonialism had hardly begun. Conrad's target was the traders, and no doubt he chose the Belgian Congo because there colonialism and trading were much the same thing. But the unspoken dictum that the story has for me is that traders may be bad but colonial administration would bring what Mr. Kurtz was supposed to be bringing, pity and science and progress, though he had found that rival pressures stood in their way.

In any case, the moral is not pressed too hard.

Arts, Cambridge

The Shadow Box

Michael Cristofer's Pulitzer Prize-winning play is evidently inspired, or rather prompted, by the studies of a group of American theology students into the business of terminal illness. The scene is an outpost of a large hospital in North Carolina, where an interviewer wanders between three comfortably furnished cottages. Each cottage is inhabited by a dying patient, and the general idea is to show how they face up to Death in the company of their loved ones.

None of this is attended by Ayckbournian spliced narrative. We just move, rather sleepily, *from* one little group to another. There is fat Joe (Thick Wilson) and his visiting wife and son, squabbling about lost dreams and the wife's (Sheila Allen) inability to accept the truth; there is wheelchair-bound, blind old Felicity (Madge Ryan) whose spinsterish daughter reads fictional letters to her from the other daughter who never comes; and there is a failed writer (Anthony Bate) accompanied by a young boy-friend (James Aubrey) and descended upon by a drunken lush of an ex-wife (June Ritchie).

The dying, naturally, accept their lot with less hysteria than those they leave behind, although Joe rages on for a brief while about not understanding WHY. If this piece won the Pulitzer Prize, I shudder to think what the competition was like. *Clearly modelled on Thornton* Wilder, the play represents a strain of American playwriting that has never quite been exhausted, however threadbare and old-fashioned it now seems. It is as though Mr. Cristofer has parked in an abandoned railway siding while the streamlined locomotives of Shepard, Babe, Rabe and Mamet go speeding by.

The writing is full of such self-conscious devices as the linking *Interviewer* that initially suggest a Wilderesque distancing technique but are dropped quite arbitrarily as the characters get on with developing heavy silences between each other. The language is stilted and plodding to a degree, culminating in an embarrassing litany of incoherent phrases scattered around the stage. "Whole life goes by . . . what you believed in . . . not me . . . this pain . . . these children . . . these eyes . . . yes . . . yes . . . this moment."

The director, for the Cambridge Theatre Company, is Jonathan Lynn.

MICHAEL COVENEY

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Wednesday February 14 1979

Next steps on bargaining

THE "CONCORDAT" between the Government and the TUC on pay and industrial relations has been greeted with a good deal of scorn in some quarters. It does not address itself to the immediate crisis over public service pay rates, and falls back largely on platitudes on the issues of pay and productivity generally. The advice offered to unions on the conduct of disputes and picketing is seen as a barefaced attempt to outflank the Conservatives. This understates the positive possibilities of what is admittedly a modest proposal. In conjunction with the CBI's revised thoughts on the reform of labour relations, it does help to point a way forward.

Problems

What neither document does is to propose a new magic formula for a voluntary incomes policy. This may be regretted by those who wish that complex problems would quietly go away, but it is surely realistic. Repeated experiences have shown that in this country at any rate central pay determination for the whole economy creates in the long run more problems than it solves in the short run. Ministers still tend to talk as if the past years of "voluntary" restraint were an unqualified triumph, and that all our current problems are due to its breakdown. It is nearer the truth to say that restraint had already been defeated pretty effectively in Stage Three, when the private sector in particular found a multitude of loopholes, and that we are now suffering the accumulated problems of three years of rigid norms, which in the third year were applied patchily. In this respect the TUC may be wiser than its political allies.

In place of norms, both the concordat and the CBI look to an annual economic discussion, modelled roughly on German practice. The TUC would like the discussions to involve the Government, and embrace the distribution of incomes in general—in other words, to institutionalise the old-model social contract. The CBI has more modest aims. There should be an agreed assessment of the economic prospect, with alternative projections of pay, prices and growth. The aim would simply be to influence expectations, and the Government would play no part.

There may indeed be a useful role for some such discussion, especially if it helps the inflation rate of the current year becoming the basis for the next round of pay claims; but it would be dangerous to expect too much of what is essentially a talking-shop, and positively objectionable to stage an annual tripartite debate on the whole of economic policy. What works in Germany, after years of rapid growth and low inflation, may not work at all here.

Indeed, all the pained discussion in both documents of rationality, relativities and leap-frogging overlooks what may well be going right in the current pay round. There have been bitter disputes in restricted sectors, made much worse by the fact that every claim is seen as a direct challenge to the Government; but outside these battlegrounds, there has been some welcome evidence of realism. This is evident not only in the refusal of workers at Vauxhall, Leyland and British Steel to follow a militant lead, but in a considerable number of private sector pay settlements. The evidence suggests that competitive pressures, intensified by tight monetary control and a strong exchange rate, do influence the shop floor in industries exposed directly to the market. The problem is to spread the effects of this rationality, not to substitute for it the staging of an annual forum.

In this respect the CBI's repeated proposals for the reform of the bargaining round are very much to the point. If private sector bargaining could be largely complete before April, the setting of cash limits could be based on a realistic assessment of revenue prospects rather than on economic modelling—or, as this year, on sheer wishful thinking. This would provide a reasonable economic background for the public sector round. Following the lead of the private sector might not be a fully effective policy for reducing inflation; but it is almost certainly preferable to trying to reduce the average of pay increases by discriminating against the public services. The

Constructive

The TUC's draft does not rule out such ideas, and this is welcome; and the guidelines offered on the conduct of disputes and industrial relations generally is also constructive, even if some of the ideas do seem to be borrowed from other quarters. It is very much to be hoped that these ideas do represent a genuine determination on the part of the TUC to minimise the economic damage done by present procedures, and are not simply a bargaining offer to a Labour government.

Mr. O'Kennedy's marker

THE TALKS between Mr. Roy Mason, the Northern Ireland Secretary, and Mr. Michael O'Kennedy, the Irish Foreign Minister, in London today can hardly be expected to produce any dramatic result. The British Government is too close to an election, and Mr Mason is perhaps too identified with a particular approach, for there to be any new initiative now. Yet the talks will serve a purpose if they lay down a marker for the future. It is that which ever party wins the election the Irish question will have to come back on to the political agenda.

Concern

Mr. Mason has been in many ways successful. He has helped to bring down the level of violence in Ulster and there has been a restoration of something approaching normal economic life in the province. Yet the operation which he undertook was also a limited one. If he had left office last October—when nearly everyone expected the election would take place—his mission would have seemed complete. As it is, the situation has been allowed to drift.

It is some credit to the members of the Irish Government that they are prepared to understand this position. Mr. O'Kennedy is unlikely to ask today for any immediate changes. What he will be seeking, however, is an assurance that a new British Government—he is also seeing Mr. Airey Neave, the Tory spokesman on Ulster—will be ready to look at the Irish question again.

There are already a number of causes for concern. The Provisional IRA may be a slimmer organisation than in the past, but it is also more efficient. It is just as much a threat to Dublin and the mainland as it is to Ulster. The propaganda campaign which it is waging around the inmates of the Maze Prison in the search for special category status shows some signs of success, at least in the U.S. The renewed interest of some American politicians in Ireland is disquieting, even if the intentions are good.

More over, there remains the absence of political progress in Ulster. Mr. Mason may be right when he says that there is still no groundswell against direct rule from Westminster. Yet the impression is being given that the British Government is again tending to favour the Unionists. That may be inevitable for a Government that is obliged to rely on the small parties to remain in office, but it cannot be any consolation to the Northern Ireland Catholics. Their own party, the SDLP, appears to be in decline with the result that the Catholics are left almost without representation. There are fears in Dublin at least that some of them will begin to swing back to the IRA.

It is, of course, easier to chronicle what is wrong than to suggest a remedy and the fact is that any British Government that saw a solution to the Irish problem would leap at the chance. The real problem is that there is no solution in sight. Yet there is one particular aspect that has recently been neglected, and that is the relationship with Dublin. The Irish Government has not always been kept fully informed of developments in Ulster—for example in the Maze Prison—in which it has an understandable concern. That could be corrected even before a British election.

Cooperation

In the longer term there is also the changing nature of the Irish and Ulster economies. The Republic is no longer the poor relation. At the same time the two parts of Ireland continue to compete for investment, often on absurdly generous terms. If all-Irish co-operation is to mean anything, there must be a case for attempting to look at the two economies together. There is at present an Anglo-Irish economic committee with only a sub-committee affecting Ulster. In future it might be appropriate to bring North-South co-operation to the fore. That would hardly be a revolutionary change, but at least an all-Ireland Economic Council would be a sign that the idea of cooperation is not dead. If Mr. O'Kennedy has any better proposals, it is up to him to put them—and to London to listen.

President Carter's quest for Mexican energy

BY JUREK MARTIN in Washington

PRESIDENT CARTER could hardly have been more deferential at his Press conference here on Monday if he had been addressing the Mexican Cortes.

"A decision on how much to explore, produce and sell oil and natural gas is a decision to be made exclusively by the Mexican people. We are interested in purchasing now, and perhaps in the future, even more oil and natural gas from Mexico . . . but we have no inclination to force them to give us a special privilege, nor to do anything that would be damaging to the well being of the Mexican people."

Coming from the leader of a country which, for generations, has treated its southern neighbour with a combination of heavy handedness and downright contempt, the sentiment is noble. Moreover it is fair to say that Mr. Carter means what he says and is not merely grovelling to get a slice of the Mexican energy pie.

After all, the first two foreign heads of state to be invited to Washington in Mr. Carter's term were President Jose Lopez Portillo of Mexico and the Canadian Prime Minister, Mr. Pierre Elliott Trudeau, in what the U.S. President saw as an essential gesture towards forging better and more equitable relationships in the north American Continent. Mr. Carter even began taking Spanish lessons to reinforce his commitment.

But nobility, no matter how genuine and diplomatic may cut little ice these days, for Mr. Carter's three-day visit to Mexico, beginning today, comes at a time when the U.S., deprived for the foreseeable future of Iranian oil imports, is faced with an energy crunch of its own and cannot but look south of the border for partial fulfilment of its needs to a country whose energy reserves may rival Saudi Arabia's. Senior Congressional leaders, such as Senators Frank Church and Edward Kennedy, are pressing the President to conclude an energy deal with Mexico, the state of Alaska is proposing a complex oil and gas swap which would send North Slope crude from Alaska to Japan and Mexican oil to the energy-starved eastern U.S., while uninformed American public opinion is wondering why the U.S. cannot exert its traditional hegemony over its still impoverished Mexican neighbour and get what it wants.

It may not be so easy, for there have been strains in U.S.-Mexican relations over the last two years that have aggravated Mexican mistrust of the U.S. and induced a new wave of Mexican nationalism and protectiveness towards domestic natural resources. In 1977 Dr. James Schlesinger, the U.S. Energy Secretary, angered the Mexicans by trying to browbeat them into a natural gas deal at well below their asking price.

Oil and gas are not the only source of friction. U.S. policy towards illegal Mexican immigrants, of whom between 600,000-800,000 cross the border each year—is a persistent thorn in Mexican sides. The Americans' concern is understandable, but Mexico, which sees emigration as a safety valve against local high unemployment as well as a valuable source of repatriated earnings (in excess of $3bn a year), is deeply suspicious. It believes that Mr. Carter's immigration plan of 1977 was a naked political pay-off to American organised labour, that it was drawn up without prior consultation, and has been abrasively and unsuccessfully enforced.

Mexico is also convinced that its winter vegetable exports are unfairly discriminated against by the arbitrary practices of southern U.S. agricultural interests and has complained that new laws governing foreign bank lending are equally unfair.

Such ill-feeling, as Canada well knows, frequently goes with the intimate ties between neighbours sharing such a vast common border. The Mexican connection with the U.S. is close: Mexico is the fifth-largest trading partner of the U.S. with two-way commerce worth over $9bn a year; the U.S. supplies 60 per cent of all Mexican imports and buys 70 per cent of its exports; U.S. direct investment in Mexico is worth more than $3bn, while U.S. banks hold at least $11bn in Mexican loans and credits. This was clearly uppermost in Mr. Carter's mind when he said that he was going to Mexico to try to reach a better general understanding of mutual problems, in which framework specific actions and decisions could be taken.

But the bottom line is energy. Mr. Carter will not, on this trip, be negotiating an energy deal. Perhaps from deference to Mexican susceptibilities he will not even be taking Dr. Schlesinger with him—though he will be accompanied by Congressmen from Texas, an oil and gas state north of the border with close Mexican ties. But Mr. Carter is bound to explore Mexican attitudes towards the export of natural gas, in particular, which seem cloaked in ambivalence in the wake of the failure to conclude a contract in 1977.

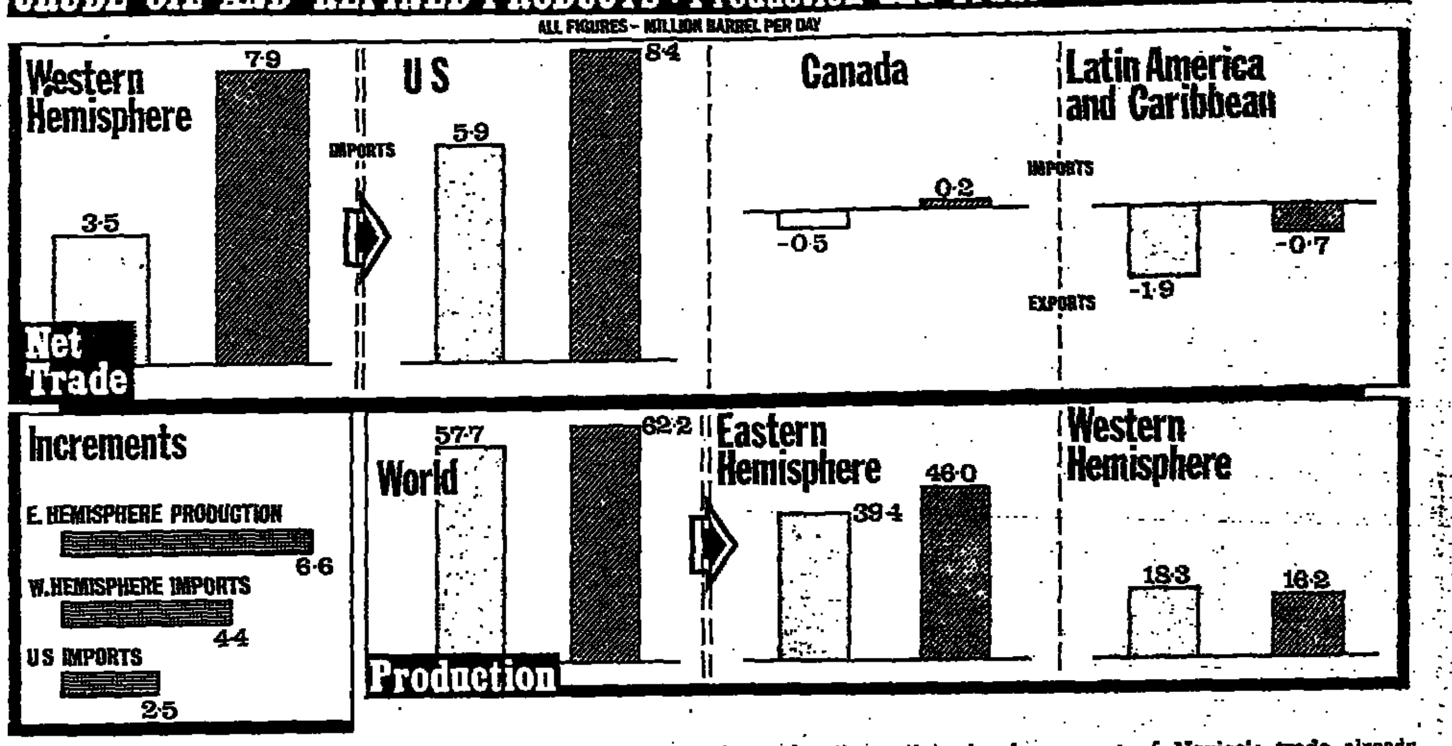
Some American experts believe that Mexico has no alternative but to sell its gas to the U.S., and that it is already flaring off what it cannot use itself. Mexico says this is untrue and that its rapidly growing population and industrial development will consume domestic production. Under Mr. Carter's original energy plan American gas production is to be accelerated, but the Iranian shortfall, as Dr. Schlesinger half admitted last week, may have changed the equations and created a need for external gas supplies.

Oil may take longer to come on stream. The principal American interest at present seems to be to dissuade Mexico from formally joining Opec, though there is a realisation here that Mexico is probably bound to charge world market prices for its crude: it would, of course, also help the U.S. if Mexico were to supply Israel with enough oil to compensate for the cessation of its supplies of Iranian crude, since the U.S. is committed to provide Israel with oil it cannot obtain elsewhere.

Mr. Carter need only read the almost daily interviews that President Lopez Portillo has given recently to the American media to know that his counterpart is prepared to use energy as a lever in wide ranging negotiations on immigrant and trade policies. He must also know that, for domestic political reasons, President Lopez Portillo, cannot afford to be too generous to the U.S. Energy, or the lack of it, as the U.S. has painfully learned in recent years, can be a great leveller.

CRUDE OIL AND REFINED PRODUCTS: Production and Trade - 1977 1973

ALL FIGURES - MILLION BARREL PER DAY



Cold comfort from Latin America

BY HUGH O'SHAUGHNESSY, Latin American Correspondent

LATIN AMERICA came to the rescue quickly and efficiently when many big consumers were starved of oil at the time of the Suez affair of 1956 when the Canal was closed. Venezuela in particular turned on all the taps and pushed output up from less than 3m barrels a day to well over 4m. It was a great relief to the buyers.

But now with the oilfields of Iran in a crisis it will not be the same. Most of Latin America is unable to provide much new oil in the short or medium term and Mexico which is, has said that it will only sell oil in quantities that will allow its economy to absorb efficiently the revenues that this oil will yield.

It is unlikely that President Carter who arrives in Mexico City on February 14 will come away with the oil agreement that he wants, but that will not stop other buyers pressing the Latin Americans for special assured deals.

Venezuela is in no position to repeat the help it gave in 1956. With production last year around 2.3m barrels a day of oils at the heavier end of the scale, Venezuela has been outstripped by the producers of the Middle East whose output it once rivalled. The reserves of conventionally produced petroleums are very much smaller than those of, say, Saudi Arabia. Even if Venezuela were working at top capacity the country would be unlikely to be able to push output beyond about 2.8m bbd without new finds. Petroleos de Venezuela (Petroven), the state-owned company that now controls the industry, has started drilling in promising areas in the delta of the Orinoco River and may soon start exploring some offshore areas.

Venezeula has another big source of oil wealth, the Orinoco heavy oil belt, a reservoir hundreds of miles along the north bank of the Orinoco, which Venezuela claims could hold more oil than there is in Saudi Arabia's reserves. But it will need special extractive skills if it is to be recovered. The visit of the deputy head of the U.S. Department of Energy last month to Caracas has been interpreted as the latest in a series of pushes by U.S. Government and oil industry figures to persuade the Venezuelans to get on rapidly with the development of the belt, preferably by buying in the expertise of some U.S. oil major.

The Venezuelans are unlikely to be hurried to suit the convenience of the U.S. or any other foreign buyer. Petroven, the newly established company which took over the oilfields after the 1976 nationalisation, is wary of allowing the majors back into an industry from which they were only recently excluded.

Despite the fact that Latin America as a whole has been poorly prospected for petroleum and therefore the chances of making new finds are bigger than in an area like the U.S. which has thoroughly been gone over, the prospects of new oil reserves being discovered in the next few years seem small. The oilfields which have been found at the western end of the Amazon basin in Ecuador and Peru have not lived up to the hopes initially placed in them, despite this month's promising find by Occidental in Peruvian Amazonia.

Attention has for the past few years been turning to southern South America where the U.S. Geological Service described the Malvinas Basin between Argentine Patagonia and the Falkland Islands as one of the richest potential reserves left to explore in the world. Unfortunately the reports that the oil companies give are less promising. The seismic surveys that the British and Argentine Governments arranged last year are said to show that the prospects are less enticing than once believed.

One major oil company says that the possibilities look better on the other side of the Straits of Magellan in Chilean waters. Atlantic Richfield is prospecting in that general area.

The largest country in Latin America, Brazil, is never in the foreseeable future likely to become an oil exporter. At present producing only about one-fifth of its own needs domestically, its exploration activity has been patchy. Hopes that the field found off the coast of the State of Rio de Janeiro could be developed quickly were dimmed when the platform being towed from Scotland to Brazil sank in the North Sea off Hartlepool recently.

Colombia and Trinidad and Tobago are both producers but only the latter exports and then not on a scale to make any difference to world supplies.

Mexico remains the only hope for a big boost to world productin. But while the U.S. Department of Energy has been forecasting that the country could be producing more than 4m bbd by 1984, President Jose Lopez Portillo has spoken of a figure around 2.25m.

In a move further calculated to dampen U.S. hopes of getting easy oil from south of the Rio Grande Mexico is doing its best to sell what oil there is to export to countries other than the U.S. France, Israel, Japan and Spain have all been signed on as new customers. With about 80 per cent of Mexico's trade already being done with the U.S., the Mexican Government does not want to become any more dependent on its big neighbour.

(To the north, Canada looks even less promising. Canadian oil exports to the U.S. have been running down for some years and National Energy Board, the Canadian regulatory authority that has to license exports, in its latest, perhaps too pessimistic assessment of supply and demand came to the conclusion that normal oil exports would probably cease by 1982. Limited quantities of heavy oil which requires expensive special treatment if it is to be used for anything other than asphalt would still be available.

(NEB has yet to assess the prevailing outlook for gas. At the moment Canada has surplus gas, but there is a political struggle going on between those who want to export it and those who want to conserve it for domestic Canadian users.)

MEN AND MATTERS

Lone bids for Europe

There are no doubt many reasons apart from less-than-munificent pay which have deterred the captains, and indeed the lieutenants, of industry from joining the scramble for seats in the European Parliament. One of the few exceptions is Christopher Jackson, 43-year-old director of corporate development for Spillers.

He has just joined the select band of no more than six Tory candidates—out of 45 selected—with experience either of the City or of industry; the more notable include Sir Fred Catherwood, Basil de Feranti, and Sir David Nicolson, chairman of Rothmans International, whose Westminster constituency, on paper at least, is one of the least secure seats.

Fresh from his victory over 40 other contestants for Kent East, among them Sir Peter Vanneck, Mr. Jackson tells me he feels very comfortable in having secured one of the safest seats in the country.

He admits openly that he left a "promising" future at Unilever four years ago because the company was not enthusiastic about his political aspirations—he has previously made assaults on Westminster too. Spillers, on the other hand, has been "very supportive," and he is confident that he can handle both jobs at the same time.

But one can speculate that there are many companies which dislike the idea of their top management taking on this kind of dual mandate, even if the reward is a friend at court.

In the other camp, Basil Jeuda, a 40-year-old manager with Rothschilds in Manchester, is a yet more isolated representative of commerce in the socialist ranks. With a not especially secure West Lancashire constituency to win round, 40-year-old Jeuda admits that his fellow-candidates in the North West are the predictable Labour mixture of "lecturers, trade union officials, and time-served local councillors."

Surgical cure

Can it be that harsher treatment is being contemplated to deter insider dealing? The Stock Exchange is advertising for a Guillotine Operator whose duties are said to include "maintaining quality control of work processed."

Diplomatic driver

Tadao Kato, the Japanese diplomat who prefers to drive a British car, has just bowed discreetly out of London—after more than three years as ambassador here, he is retiring. His Jaguar went ahead of him, having been steered through the dockyard pickets.

Although early retirement is the rule in Japan, Kato stayed here until he was 62—two years beyond the automatic cut-off age for any British diplomat. A great Anglophile, his first experience in this country was before the last war, when he went to Cambridge as a student and won a soccer blue as a full-back.

But he has the Jaguar to remember us by. "It will be very prestigious in Tokyo," an embassy spokesman told me yesterday. With some foresight, Kato bought a model designed for export to southern California, since emission regulations are as strict there as in his own country. At the moment no successor has been nominated and the new Japanese ambassador is not expected in London until the end of March.

Sad kings

Like comfortable tax havens, suitable refuges for exiled kings are becoming rarer these days, as the unfortunate Shah of Iran has already discovered. Spain, one of the traditional favourites, is clearly not what it was. General Franco used to be fond of would-be and former monarchs, but since his death in 1975 the luckless royals have become an embarrassment to a Government which has established diplomatic relations with the Communist bloc, and is moving towards full integration with its neighbours in the west.

Fellow-royals fear that King Leka, self-proclaimed King of Albania, who was re-exiled last week to Rhodesia, may not be the last to go. It is true that he tactlessly allowed it to be discovered he had an arms cache of some 50 heavy machine-guns, pistols and hand grenades. "I've got a war to fight," he said.

Despite the fact that he left his country at the tender age of two days, the gun-toting Leka still feels certain that "the time is ripe and getting riper." His optimism is to some extent shared by his fellow-monarch Simeon II of Bulgaria, who does however see himself as "a political dinosaur," and his functions as "a one-man, glorified Red Cross" looking after the estimated 150,000 Bulgarians scattered round the globe.

Being a king in exile is a thankless occupation, he avers: "I have constantly lived with the nightmare of being considered a lazy good-for-nothing living on the past . . . I have always liked working."

Thanks to his low profile. Simeon stands a reasonable chance of not being moved on, as does Grand-Duke Vladimir of Russia, at 62 a veteran among would-be monarchs. "My motto," he says, "is rather like that of the boy scouts—'Be Prepared.'"

Egg roller

For daring to say that East Fife is flat, this column has earned a rebuke from Michael Hood, a reader with childhood memories of those parts. He assures me that East Fife has its ups and downs—notably an extinct volcano, Largo Law, rising to 1,000 feet.

Hood insists that it is an old Scottish custom to roll eggs all the way down Largo Law at Easter. While taking the eggs with a pinch of salt, I shall be careful never to sell East Fife short again.

Courtesy not dead

Observed in the rubbish foothills of Soho: two men hailing the same taxi in Wardour Street, and both running to claim it. After a short exchange the older man returned to his angry wife on the pavement.

"Why did you let him have it? You saw it first."

"I know dear, but he said he was late for his karate lesson."

Observer

European Parliamentary Elections

By Elinor Goodman, Lobby Staff

Tories all set to romp home

MR. IAN MIKARDO, Labour MP for Bethnal Green and Bow, and the unofficial bookmaker for the Honourable Members of Westminster, is predicting a walkover for the Tories in June. Not in this case in the Westminster elections, though he is hardly optimistic on that score either, but in the elections for the European Parliament.

Unless the Westminster poll is held on the same day as the European one, Mr. Mikardo thinks that the party will be lucky to win more than 15 of the 81 European seats. The figure could, he thinks, be under 12 if it rains on June 7. In his view, the eventual outcome will depend as much on the turnout as on the popularity of the parties, with the Conservatives getting out perhaps twice as many of their supporters as Labour can muster.

As one Transport House official says: "We may still be able to persuade people to go out and vote against Mrs. Thatcher but they won't budge from their armchairs for Europe." For this reason, even before the latest opinion polls, few Labour organisers were predicting that the party would get the 40 or so seats it stood to win on the basis of projecting forward the October. 1974 Westminster election results. Now they are even more pessimistic. But they still hope that Mr. Mikardo's estimate is on the low side. Even senior Tories expect Labour to win at least 20 seats. Because of the first-past-the-post voting system the Liberals will be lucky to get one.

Speaking for himself, Mr. Mikardo, as the old war horse of the Labour Left, does not care a "tuppenny damn" how the party does in the direct elections. It would, he feels, serve the pro-Europeans right if the Tories cleaned up in June because the party line has always been against the whole idea of such elections.

His opinion is not shared by everybody in the party. The Prime Minister for one would probably disagree. This is because — particularly if the country has not had the chance to vote in a general election before June—the European election will inevitably be seen as a test of the Government's standing even though it will theoretically be fought on European issues. A sweeping victory for the Tories would, as one Labour pro-European puts it, be like "the toll of a funeral bell" for the Government. And, even though Conservative Central Office itself has reservations about translating the result of the direct elections too automatically into the arithmetic of Westminster, they would certainly take every opportunity to rub Labour's nose in a hefty defeat in the European poll.

Starved of funds

Despite the feelings of people like Mr. Mikardo, the Labour Party has belatedly come to terms with the inevitability of direct elections. Though the European campaign is likely to be starved of funds unless some Government aid for the parties is forthcoming to top up the grant from the European socialist movement, the party machinery is now gearing itself up for the elections.

Each of the 81 vast Euro-constituencies in the UK has now selected its candidates to go on to the constituency short lists and the final selections will be made in most cases by the end of the month. Judging by the list of hopefuls circulated by Transport House, the Labour candidates will be a less glittering band than the band of retired luminaries, like Sir Fred Catherwood and Sir Henry Plumb, who have emerged from the lengthy Conservative selection process.

A fair number of the prospective candidates have failed to get into Westminster in the past. A few, like Barbara Castle, are retiring from Westminster while others, like the one who describes himself as a "redundant *railway worker*," have a long history of working in the trade union movement, and a rather shorter acquaintance with Europe.

Once the Left had faced up to direct elections, it decided to make the best of a bad job by ensuring that as few pro-marketeers as possible were selected as candidates. A list of questions was circulated aimed at exposing any clandestine Europeans. The indications are that the anti-marketeers have been relatively successful in London but that in other areas, local contestants have tended to win through. Rather than being judged by their stance on, say, agricultural policy, they have been selected on their local standing in the party. Given the general apathy about the European elections, the turnout at some of these selection meetings has been surprisingly high, possibly because it has given party members in safe seats a rare taste of power.

The real victory for the Left has been over the drafting of the manifesto for the direct *elections*. Having successfully beaten off a demand from Westminster MPs to be consulted, the National Executive Committee has produced a document which, if it were to be regarded as gospel truth by every candidate would prevent any pro-marketeer standing. As one Labour minister says, the only way a convinced European can cope with it is to treat it in much the same way as a radical Anglican vicar treats the 39 Articles. "Publicly you agree with it, but in practice you forget the bits you don't like."

The drafting of the manifesto revealed all the old divisions within the party about Europe. The final document is thoroughly hostile to virtually everything the Community stands for and much of what the Labour Government stood for when it recommended a "yes" vote in 1975. It is also much more critical of the Community than a recent "message" to the European electorate. It concludes with a final, thinly veiled threat to take Britain out of the Community if certain fundamental reforms are not met. The threat is certainly not part of the Labour Government's policy and will presumably be used by the Conservatives as yet another example of the lack of control Mr. Callaghan has over his troops. As it is, Mrs. Shirley Williams, the pro-market Education Secretary, has publicly dissociated herself from it.

The divisions within the Labour Party will inevitably form part of the Conservatives election platform in the direct elections. More fundamentally, however, they will be going to the country on the basis that a vote for a Conservative candidate for the European Parliament is a vote for constructive reform of a system which Labour has done its best to ruin.

What is needed now, they will argue, is a positive attitude to EEC membership. Only in this way will the necessary reforms be achieved and will Britain get her money's worth out of membership. At its simplest their message will be that only by behaving like a fully paid up member of the club can Britain expect to influence the rules. Implicit in this approach will be a commitment to European co-operation on a wide range of issues, including defence and the European Monetary System to which the Labour Party is opposed.

The negative aspects of Europe will thus tend to be laid at the feet of the Labour Government and the bureaucrats in Brussels rather than the structure of the Community itself. The manifesto, which is now being drawn up by Mr. Francis Pym, the shadow foreign secretary and himself a convinced European, is likely to contain some major criticisms of the way the Community is now working. It will probably call for a major reform of the farming policy as part of a wider redistribution of Community resources and a reduction in the number of directives dealing with trivia emanating from Brussels, for example—but it will defend the principles to the hilt and maintain that what is good for Europe is generally good for Britain.

The final draft of the manifesto will have to be approved by Mrs. Thatcher who, though a pro-Marketeer, does not seem to share her predecessor's almost visionary passion for it. Some sensitive issues have yet to be settled. The whole question of regional policy is a delicate one within the Conservative Party given its views on intervention in industry. Even so, the pro-marketeers appear confident of winning the day and say the party will project itself as unashamedly pro-European in strong contrast to Labour's niggardly approach towards membership.

Saint George

The difference in approach between the two parties can be best illustrated in their attitude to Mr. John Silkin, the Minister of Agriculture. Labour Party organisers, conscious of the way the EEC is blamed for rising food prices, think he is a great asset in the campaign with his reputation for telling other European politicians where to get off when it comes to the dreaded Common Agricultural Policy. The idea seems to be to project him as a kind of twentieth century Saint George, riding into Brussels determined to defend British interests to the death and fend off any move by Eurocrats to interfere with sacred British customs like drinking beer by the pint and eating ice cream made out of water rather than milk.

Frank Judd, Minister of State for Foreign and Commonwealth affairs, with two of the Euro-hostesses who will be touring Britain soon to provide information on the EEC elections.

Over on the other side of Smith Square, Mr. Silkin is seen as typifying the Labour Government's negative approach to Europe. The Conservatives' argument will be that it is just because ministers like Mr. Silkin have adopted such a negative attitude that the Community has got bogged down on trivialities and failed to agree on the necessary reforms. In this way, the opportunities offered by British membership of Europe have been tragically thrown away.

Given the way the two major parties look like fighting the election, the campaign could turn out to be a re-run of the 1975 referendum campaign without the let-out clause for members of either party who disagree with the official party line. As such it could open many old wounds. But not even the most fervent pro-Europeans are claiming that the direct elections will be anything but a secondary attraction on this year's election calendar.

And when it comes down to it, the Strasbourg election will not really be fought on the manifestos now being produced. If it was, Labour might gain support because its manifesto probably accurately reflects the widespread public hostility in Britain towards the EEC. As in the General Election, most voters will vote according to party allegiance while it seems likely that the floating voter in the European elections will be more influenced by domestic issues than by a party's stance on, say, regional aid within Europe.

The main effort this year for both parties will be directed towards Westminster and even the Tories, whose party workers are generally much keener on Europe than their counterparts in the Labour Party, admit that the party machine will be stretched to cope with what could be just one of three elections in their area this year—and that is without the referendums. As one Conservative Central Office organiser says: "We will have to pick them up off their knees after the local elections in May and send them straight out again to canvass for their European candidates."

For their party, Labour Party organisers have, in so far as they have accepted the need for direct elections at all, always favoured having the European poll on the same day as the Westminster one. Only in this way, they feel, do they have any chance of persuading the party faithful to participate in the European elections. But the Home Office regulations recently issued for the Strasbourg election would seem to rule out holding a general election on the same day.

This may save Labour from the potentially embarrassing position of having to fight two elections on the same day with two manifestos which, at least in parts, are likely to contradict each other. (The British election manifesto, over which the Cabinet has far more control than the European one, is hardly likely to contain a threat to withdraw from the Common Market, for example.) But it also means that Labour's delegation in Europe will be a pretty diminished band. And even though the party's Executive is committed to opposing any extension in the powers of the European Parliament, it does officially recognise that the Euro-MPs may have a limited use in helping to reform the Community. June 7, therefore, does not look like doing much for Labour Party morale.

Letters to the Editor

Capital raising by industry

From the Chairman, The Stock Exchange

Sir,—Mr. A. D. Roper (February 7) makes a plea for the starting level for stamp duty on houses to be raised to £25,000. He asks, "Is the Government really interested in helping house purchasers or is it intent on maintaining a punitive rate of taxation?"

I would like to widen his argument, and ask his question in relation to capital raising by industry and commerce. The stock market provides the mechanism for the transfer of securities without which investors would not be prepared to put up risk money at a cost acceptable to industrial enterprise.

Yet the costs of transfer are made artificially high by a full 2 per cent stamp duty on all transactions in equities, with no relief or shading of rates. This rate is the highest level of taxation on the transfer of shares in any developed securities market in the world.

At the same time the Government has made transfers of gilt-edged free of stamp duty in order to ensure that its own new borrowing is not similarly impeded. True, it also relieves companies' fixed-interest securities from stamp duty liability. But it then kills that market by forcing prohibitive interest rates on it.

The EEC Commission has recommended standardising stamp duty at a maximum of 0.3 per cent on the buying and the selling of securities with a dispensation in the case of the UK (because of our different dealing system) to 0.6 per cent. At present this proposal appears to be lying in the British Government's "no action" tray.

The French are already taking steps to stimulate interest in the risk capital of industrial and commercial companies as a means of helping industry to raise new funds and of involving ordinary people with industry. Why not here too?

Nicholas Goodison.
The Stock Exchange, EC2.

No zest for a gamble

From the Chairman, Policy Committee, The Association of Independent Businesses

Sir, — It was disturbing, though not surprising, to read in Mr. David Fishlock's article (February 9) that the Treasury finds the message about innovation and why investors have lost the zest for a gamble all very new. As it is from a Government advisory council that the Treasury has received this message I am left with the impression that it treats all argument from non-Government sources as special pleading and therefore suspect.

Ten years ago this association wrote to the Bolton Committee that there appeared to be no evidence available to show that most innovations came from sources which spent large amounts on research and development. This conclusion was based on reading a number of studies which were generally available. We and others have continued to stress the importance of a healthy independent business sector to industrial innovation. We have continually stressed that large corporations tend to stifle new ideas and that institutional finance is unsuited for high-risk investment in small ventures, both for the reasons so concisely described by Mr. Fishlock.

So far, putting these arguments has had scarcely any effect on Government policy. During the last ten years the value of small savings has been reduced by increases in the money supply, incomes have been eroded by the combination of high rates of direct taxation and fiscal drag, the balance of reward has been tilted in favour of those who can obtain index-linked pensions, and scope for initiative in business has been reduced by regulations in such matters as pricing and wages, while we are under threat of stringent product liability laws and—epitome of the bureaucratic approach — "a national strategy for quality." Deliberately, it seems, the Government puts obstacles in the way of industrial innovation.

We must hope therefore that at last the Treasury and other Government departments will realise that the necessary reformation of British industry and commerce will take place only if individuals have the savings and the financial incentive to invest in new businesses with new ideas. Institutional finance and systems of tax relief or Government grant are not enough.

Colin Dauris.
Europe House, World Trade Centre, E1.

Sleeping policemen

From Mr. M. Biggs

Sir,—Mr. West-Oram (February 9) is right to demand compulsory training for motor cyclists and the enforcement of urban speed limits, but what hope is there for the latter while we all bend to the tyranny of the automobile over every other road user — including pedestrians and residents? Too much is done to encourage speed in urban and suburban areas: roads widened, trees uprooted, "because there were accidents." It wasn't the narrow road, or the trees, or the monument, or whatever, it was the speeding motorists.

More and more private estates are discovering the benefits of sleeping policemen — why cannot these be used in urban and suburban areas with special problems such as narrowness, a difficult corner, houses suitable for young families with children, or roads providing a swift and dangerous short cut? Our real policemen are not asleep, they are short-staffed; and in such areas we all need taming, not only the motor cyclists.

M. E. D. Biggs.
Farnaby's, Elgin Road, Weybridge, Surrey.

Losses all round

From Mr. T. O'Brien

Sir,—Suppose a local council has budgeted for a 9 per cent increase to be granted to a National Union of Public Employees member on £3,000 a year. He demands 18 per cent. The council says no, the man goes on strike, and then a month later the council agrees to pay his claim. We have this comparison between the council's budget and the actual cost: Budgeted payment of £3,000 + 9 per cent = £3,270 at year's end. Actual payment, 11 months @ £3,540 p.a. = £3,245. So the council saves £25 on the deal and is happy, and so too is NUPE headquarters at having succeeded in forcing through its higher claim. (The man may be puzzled, of course.)

It would only work with non-productive workers. For those who actually manufacture goods the problem is not so easily solved—both the Ford workers and the economy as a whole lost out on the Ford strike.

T. P. O'Brien,
Innisfree, Seal Square, Selsey, Chichester, Sussex

Industrial relations

From the Liberal Prospective Parliamentary Candidate for Abingdon

Sir,—As a trade unionist I am deeply disturbed by the deplorable state of our industrial relations. Other trade unionists I speak to, many of whom have had a lifelong association with the movement, are also disturbed. Was it to inflict suffering on the innocent, the sick and the weak that predecessors fought so hard and so long?

Events of the last few weeks have done no good at all to the trade union movement. They have served only to tarnish its image and to damage its credibility. We need a root-and-branch reform of our industrial relations—a new charter.

We must have legislation to deal with secondary picketing, the closed shop and restrictive practices. We also need to provide for secret ballots before taking strike action and a code of practice for peaceful picketing. We must have a minimum wage as an agreed percentage of the national average. We also need to set up an anomalies board on which the TUC, CBI and Government can meet to settle special cases, and a joint economic committee on which the same bodies can agree on the increase we can afford in the total wages bill and how it can most fairly be shared out.

This new charter must be established by Parliament, where it must have, and I am sure it will receive, all-party support. Finally it must be put to the people in a referendum, in which I am convinced the support would be overwhelming.

Ian Blair.
Dolphin House, 8, Abbey Close, Abingdon, Oxon.

Secondary picketing

From the Managing Director Chrome and Co.

Sir,—It is with regret that one must agree the unions are winning their battle and have convincingly outflanked our politicians into arguing about the rights or otherwise of secondary picketing, when the actual issue should be why has one man the right to stop another from work. The essence of trade unionism is not being questioned; each individual has the right of choice to work or collectively not work, that is to strike.

Picketing should be outlawed, before we allow the "Orwellian pigs" to obscure the background of history, by cleverly obscuring the real issue. By means of a prolific bombardment of strikes and then, with the most exquisite timing, tactically withdrawing by agreeing to limit "secondary picketing" they have successfully taken two steps forward and one step back, at the country's cost.

We must not even allow this term "secondary picketing" to enter our statute books, as it is based on a heinous misconception. Medusa was killed by chopping off her head, not by attacking the snakes.

George Demwell.
Chrome and Company.
39, Finchley Lane, Hendon, NW4.

Targets in the state sector

From the Member for Marketing, British Gas Corporation.

Sir,—While I am pleased to note that Mr. Caudle (February 8) feels that a target rate of return of 6½ per cent on turnover is unnecessarily high, I must point out (with all due trepidation as one who seeks to correct the director, economic affairs, of the Chemical Industries Association) some misconceptions in the remainder of his letter.

The price which British Gas pays to the offshore producer companies for natural gas delivered to the shore terminals now averages about 5p a therm. If Mr. Caudle really thinks that all we then have to do is to reduce the pressure of the gas, then I must invite him to visit one of the terminals, or compressor stations, or transmission pipelines, or offtakes which we have had to build, at a cost of over £2bn in order to bring gas from the shore to the customer. Perhaps he thinks that 136,000 miles of gas mains cost nothing to build, maintain and replace, and that the people who look after the gas supply system work for nothing.

Our policy is to sell gas to industry at prices which are strictly market-related, which is essential if we are to avoid wasting a precious natural resource by under-pricing.

Nobody to my knowledge has suggested giving profit-sharing bonuses to British Gas staff. Mr. Tim Renton, MP, at the select committee on nationalised industries hearing, suggested that equity capital could be created. Sir Denis Rooke, the corporation's chairman, said that this was a political decision and not one for the corporation. If, however, it came about, then perhaps priority should be given to employees who want to acquire shares in a successful business, as doubtless happens in private companies which belong to the Chemical Industries Association.

Bryan C. Smith.
British Gas Corporation,
59 Bryanston Street, Marble Arch, W1.

Entrepreneurial education

From Mr. O. Luder

Sir,—Entrepreneurs are born, not created by education at Eton (February 6) or in Old Kent Road or anywhere else for that matter.

Also they come to the top of the bottle sooner or later whatever the prevailing conditions. The fact is they do tend to get impatient, and move to more receptive climates, something this country can least afford to happen.

Mind you, there are still opportunities here. Someone must be selling hot chocolate to the pickets, and unending bumpf to the endless bureaucrats.

Owen Luder.
Owen Luder Partnership,
96 St. George's Square, SW1.

Today's Events

GENERAL

Special meeting of Trades Union Congress general council and expected endorsement of TUC-Government agreement on economic and industrial relations.

Balance of payments current account and overseas trade figures for January.

Herr Helmut Schmidt, West German Chancellor, guest speaker at dinner of Financial Times conference in Frankfurt "Finance and Trade in 1980s" —Mr. Gordon Richardson, Governor, Bank of England, addresses the conference and later attends Institute of Bankers dinner in Birmingham.

OFFICIAL STATISTICS

Basic rates of wages and normal weekly hours (January). Monthly index of average earnings (December).

PARLIAMENTARY BUSINESS

House of Commons: Banking Bill, remaining stages. Motion on EEC documents on the Community's Budget.

House of Lords: Debate on the problems of rural deprivation. Debate on refugees.

Select Committees: Science and Technology, Genetic Engineering Sub-Committee. Subject: Genetic Engineering. Witnesses: DHSS Officials (Room 15, 10.30 am). **Expenditure, Environment Sub-Committee.** Subject: Redevelopment of London's Docklands. Witnesses: The Port of London Authority (Room 5, 4.15 pm). **Nationalised Industries, Sub-Committee C.** Subject: Report and Accounts. Witnesses: The Post Office (Room 8, 10.45 am). **Nationalised Industries. Sub-Committee E.** Subject: Ministers, Parliament and the nationalised industries. Witness: Sir Monty Finniston, Civil Service Department (Room 8, 4 pm). **Expenditure, Trade and Industry Sub-Committee.** Subject: Domestic Air Fares. Witnesses: British Airways (Room 16, 10.15 am). **Joint Committee on Consolidation Bills.** To Consider the Capital Gains Tax Bill (Lords) (Room 4, 4.30 pm). **Expenditure, Social Service Sub-Committee.** Subject: Perinatal and neonatal mortality. Witnesses: Professor Papiernik (of Paris), Mr. and Mrs. Wynn (Room 16, 4 pm).

COMPANY MEETINGS—See Page 23.

Widely-based improvement boosts Dalgety by 22%

A WIDELY-BASED improvement from nearly all its activities and geographic regions resulted in a 22 per cent jump in pre-tax profits of Dalgety from £10m to £12.2m for the six months to December 31, 1978. Turnover increased to £438m, compared with £366m.

Had exchange rates remained unaltered for the period, profits would have risen by a further £0.8m.

Mr. David Donne, the chairman, says the board remains confident about group prospects.

The financing following last September's rights issue and the successful completion of negotiations, in November, for US$125m ten-year facility from an international banks consortium, provides a secure base for growth, he states.

In spite of the problems experienced by the group's UK business, arising from the recent national transport strike, the directors again look forward to a material increase in full-year profits.

For all the previous year, taxable profits reached a peak £24.4m (£17.1m).

Increased half-year profits from the group's agricultural activities was assisted by improved results from its Australian rural operations, which confirm the confidence expressed in the last annual report that Dalgety Australia would return to profit in the current year.

The chemical division's programme of consolidation following the takeover of Federated Chemicals was successfully achieved during the period, and Mr. Donne says the malting activity showed an encouraging profits increase arising from improved sales and productivity.

After a reduced half-yearly tax charge of £4.7m (£5.3m) and unchanged minorities of £0.5m, available profits for the period rose from £4.2m to £7m.

Stated earnings jumped 41 per cent from 12.1p to 17.1 per £1 share and the interim dividend is lifted to 8.04p (6.407p) net, costing £3.6m—at the time of the rights issue, the directors forecast a current year total of 16.08p (13.04p).

	Half year 1978 £m	1977 £m
Turnover	438	366
Australia	65	72
New Zealand	66	50
UK	213	171
Canada	49	37
U.S.	45	36
Agriculture	157	142
Chemicals	33	10
Food processing distribution	83	60
Lumber	18	18
Malting	26	25
Other	121	111
Profits before tax*	12.2	10.0
Australia	0.9	†0.2
New Zealand	2.0	1.2
UK	5.9	5.3
Canada	2.6	3.1
U.S.	1.3	1.1
Agriculture	5.3	3.0
Chemicals	0.9	0.6
Food processing distribution	1.4	0.8
Lumber	2.2	2.7
Malting	2.3	1.9
Other	0.6	1.5
Taxation	4.7	5.3
Net profits	7.5	4.7
Minority profits	0.5	0.5
Available	7.0	4.2

* Including central income and expenses, £0.4m (£0.2m), less central Eurodollar loan interest, £0.9m (£0.7m). † Loss.

The mid-year tax estimate approximates to a standard rate charge for the profits of the Canadian, U.S. and New Zealand companies and takes into account prior year losses where available in the Australian group.

In the UK, tax is based upon the group's best estimate of the likely impact of stock appreciation relief and capital allowances for the full year and includes written off ACT on the interim dividends. The comparative figure has been adjusted accordingly.

At the half year, fixed assets amounted to £122.1m (£127.5m at year-end) and net current assets were up from £93.9m to £119.7m. Net assets reached £266m (£248.4m).

See Lex

Meat Trade Suppliers decline

With taxable profits down from £185,275 to £134,752 in the half year to September 30, 1978, Meat Trade Suppliers say there could be an improvement in the second half.

Last year total pre-tax profits fell to £362,000 compared with £461,000 for the previous full year. The chairman said at the year end that profits from the casing companies were well down and he expected their low profits to continue. He hoped the rest of the group's companies would maintain their figures.

Half-year turnover was also down from £4.69m to £4.39m.

Mining News and Bids, page 24

Tax takes £69,402, against £95,670.

The interim dividend is raised from 3.3p net per 25p share to 3.35p. There were waivers on 750,000 (800,000) shares. Last year's total payment was 7.32p.

AC Cars slips to £206,085

Including 15-month figures of Pem Trailers, which was acquired during the year to September 30, 1978, A.C. Cars reports turnover of £3.38m compared with £2.64m and a decline in pre-tax profits from £218,456 to £206,085.

At the interim stage an advance in profits from £90,000 to £100,000 was announced and the directors warned that the second six months might be a difficult trading period with the company finding it hard to remain profitable.

Due to lower tax for the 12 months of £78,820 (£110,606), earnings per 5p share are shown to have risen from 5.39p to 5.61p. The total dividend is cut from 0.95p to 0.6p with a final payment of 0.425p net.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
AC Cars	0.43	April 2	0.6	0.6	0.95
Beaumont Props.	2.7	April 3	2.31	3.87	3.47
Broadstone Inv. Tst.	4.15	April 26	3.75	5.7	5.15
Crescent Japan Inv.	1.3	March 28	Nil	1.3	Nil
Dale Electric ...int.	1.4	April 6	1.23	—	3.67‡
Dalgety ...int.	8.04	July 2	6.41	—	13.04
Meat Trade Supp. ...int.	3.35	March 29	3.3	—	7.32
MFI Furniture ...int.	2.19§	April 4	0.99*	—	2.19*
Nottingham Mfg.	2.62	July 2	2.33	3.62	3.24
Press Tools ...int.	0.72	April 6	0.66	—	1.71
Thermal Syndicate	4	—	3.7	6	6.7
Joseph Webb ...int.	0.13	April 23	0.11*	—	0.45*
T. Witter	2.84	April 4	2.48	3.51	3.14

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 16 months. § Company to be re-organised.

Freddie Mansfield

Mr. James F. Insch, chairman of Birmid Qualcast, with the castings for a Rover V.8 3500 engine. The group, which is the world's largest foundryman and manufacturer of lawnmowers, is due today to report its annual results.

Joseph Webb looks for advance at year end

AFTER showing taxable profits at £237,763 against £243,398 in the six months to September 30, 1978, Joseph Webb and Co., is looking for a further advance at the year end.

The Board says the current level of booking for the 1979 holiday season is encouraging and augers well for an overall increase in group profits for the year. Last year's total was £635,000.

Turnover for the half year was up from £1.45m to £1.83m.

The trading profit on holidays was lifted from £240,944 to £288,593. The directors say the full year results for the holiday and leisure side are largely known, and one half is included in the report.

	Six months 1978 £	1977 £
Turnover	1,829,645	1,454,045
Trading profit	336,939	333,116
Holidays	288,593	240,944
Property inv.	48,346	48,045
Estate develop.	—	44,127
Interest†	93,541	95,353
Profit before tax††	243,398	237,763
Tax	22,425	47,737
Profit after tax	220,973	190,026
Pref. dividend	6,563	6,563
Ordinary dividend	24,817	20,681

† Management expenses previously shown in aggregate with group interest charge and now charged against trading profit were £123,478 (£92,445). †† No provision has been made for depreciation of freehold buildings as required by statement of Standard Accounting Practice No. 12. Such provision would, it is estimated, result in additional charge of £33,969 (£33,819) in full year.

As expected, property income remained steady, at £48,346 (£48,045).

There were no land sales in the first-half, against £44,127 last time, but there will be a contribution from this sector in the second half, add the directors.

The interim dividend is 0.1313p per 5p share on the capital increased by the one-for-five scrip. Last year's interim was an equivalent 0.10942p. Stated earnings per share are up from an equivalent 0.97p to 1.13p.

Expansion for Press Tools

THE DIRECTORS of Press Tools, specialist toolmaker and automatic and capstan operator, announce a rise from £124,000 to £170,000 in taxable profits for the six months to October 31, 1978 and say that subject only to uninterrupted services from nationalised industries, record turnover and profits are expected for the full 1977-78 year.

Profits for the previous year rose to £250,000 on turnover of £2.21m; for the first six months of this year turnover was ahead from £1.02m to £1.3m.

The interim dividend is increased to 0.725p (0.66p) net per 10p share—last year's final payment was 1.0505p.

Second half upsurge boosts Thos. Witter

A SECOND half upsurge from £435,875 to £1.24m boosted taxable profits of Thomas Witter and Company by almost £1m from £878,387 to a record £1.87m for the year to November 30 1978. Sales of the floor and wall covering manufacturer rose to £28.48m, compared with £23.79m previously.

Earnings are shown as 9.7p (4.3p) per 25p share and the dividend is increased from 3.1445p to 3.5113p net with a final of 2.8413p.

	1977-78 £	1976-77 £
Sales	28,483,000	23,794,000
Trading profit	1,797,847	860,421
Inv. inc., interest receivable	75,528	17,966
Profit before tax	1,873,375	878,387
Taxation	996,688	481,007
Corporation	944,507	352,534
Overseas	57,364	24,732
Deferred	400	111,386
Prior year credit	5,583	7,645
Net profit	876,687	397,380
Minority interests	24,575	17,789
Available	852,112	379,591
Interim dividend	58,960	58,080
Proposed final	250,038	218,636

over from the 1977-78 final due to the tax rate deduction. It is anticipated that the total payment for the year will be 2.384p. Last year's total was 2.105p on pre-tax profits of £783,309.

Tax takes £170,900 (£169,500). This "close" company manufactures industrial fasteners and light engineering products.

Ariel Inds. holds steady at six months

Pre-tax profits of Ariel Industries rose from £325,900 to £328,600 in the six months to September 30, 1978, on turnover up from £3.11m to £3.45m.

The directors say that, due to the slackness in the UK economy, the company is having to rely more and more upon its export business.

The net interim dividend is 0.967p (0.837p) per 25p share, which includes 0.032p carried

Westminster & Country midway profit

Recovery continued at Westminster and Country Properties with pre-tax profits of £70,000 for the first half to October 31, 1978 compared with a £69,000 loss in the same period last year. At the end of 1977-78, the group turned losses of £228,00 into pre-tax profits of £81,000.

First half tax takes £36,000 (nil) giving earnings per share of 1.01p against a 2.1p loss. An interim dividend of 0.5p is declared—last year's payment was 1p.

Turnover for the first six months amounted to £584,000 against £877,000.

CLAY CROSS

The Board of Clay Cross Company has announced that proposals have been formulated for the repayment of the outstanding £171,690 7½ per cent unsecured loan stock 1986-91.

It is proposed that, subject to the approval of the holders of the stock, £87 cash be paid for every nominal £100.

MFI leaps by over £4m and plans reorganisation

A LEAP in first half taxable earnings of £4.32m to £6.03m—bettering the previous full year's record by £0.7m—is reported by MFI Furniture Centres. At the same time the company announces a re-organisation that will free it from dividend restraint for two years.

Improved results for the six months to November 25, 1978, were forecast by Mr. Arthur Southon, the chairman, three weeks before the half year. Then he said sales were running more than 50 per cent ahead. By half-time they had reached £40.34m with volume 81 per cent higher compared with £22.29m a year earlier and £55m for the whole of 1977-78.

Trading since November has been good with increased sales compared with the buoyant trading seen at the same time last year, states Mr. Southon, who expects successful trading for the remainder of the current year.

During the last 12 months a separate division has been formed to take over all aspects of MFI's property activities. Now the Board has decided it is appropriate to separate the property function further from the day to day trading operations of the company.

A new company has therefore been incorporated, to be named MFI Properties, to hold all property related interests. This company together with MFI Furniture Centres will be held by a new holding company called MFI Furniture Group.

Under the proposed scheme of arrangement members would exchange their holdings on the basis of three new group shares for one existing Centres share.

The net interim dividend is effectively stepped up from 0.99p to 2.196p equal to the total last time. If the scheme is approved at the meeting set for April 9, the directors intend to pay a special interim, in November, for 1979-80 of not less than 0.7p per new group share, equivalent to 2.1p on existing shares. This payment will replace the final for the current year.

Mr. A. Southon commented later that the reorganisation had not been carried out simply to free the company from dividend restraints. He said, "We have taken advantage of this situation to pay a dividend which we consider is still within the spirit of the legislation which at present exists, that dividends should be held within the increasing level of profits and at the moment we do not intend to do more than that."

For 1979-80 onwards interims will be payable in April and finals in November. The Treasury has confirmed that as a newly listed company MFI Furniture Group will not be subject to dividend controls for the two years to May 30, 1981.

The capital of the group will be £6.8m which will bring it more into line with capital employed, the directors point out. Dealings in the new shares are expected to begin on June 4.

The group spent £1.8m on freehold and long leasehold premises in 1977-78. This investment will be raised to around £5m involving some eight new stores in the current year and a progressively larger programme is anticipated for next year, Mr. Southon points out.

After tax of £1.2m against £44,000, half year earnings per share are shown 14.35p higher at 21.9p on capital increased by last year's one-for-one scrip issue.

The first half advance was achieved from a combination of considerably better branch sales, additional turnover from new branches and lower overheads. Trading margins remained almost unchanged and the company was generally successful in holding its prices throughout the period, says Mr. Southon.

"Net margins have moved further ahead but a similar improvement in the second six months should not be assumed," he says.

See Lex

Macpherson £1m growth: rights to raise £2.3m

FULL-YEAR profits up from £3m to £4m pre-tax, and a rights issue to raise about £2.33m, are announced by Donald Macpherson Group, the Lancashire-based paints and hardware company.

For the year ended October 29, 1978 the dividend payment is 2.94284p net, with a final of 1.69284p. The directors propose to pay 4p on increased capital in the current year—a 36 per cent improvement at the gross level.

The rights issue is on the basis of one-for-four at 67p per share, compared with yesterday's market price of 80½p. Explaining the cash call, the directors state that they have plans to expand the group's business further—these will involve "substantial" capital expenditure and the possibility of further acquisitions.

The company plans to improve and expand facilities in the industrial division, particularly in technically advanced coatings, while at the same time building on the trade and retail division's increased penetration in the Do-it-Yourself market.

Referring to the 34 per cent increase in pre-tax profits, the directors report that in the UK the main thrust of the improvement was provided by the trade and retail division. Cover Plus had an "outstanding" year in the retail D-I-Y market and the trade sales operation took full advantage of the upswing in the level of activity in the building maintenance sector.

The industrial division turned in another sound performance despite the lack of any appreciable growth in UK manufacturing output while Unerman, the hardware subsidiary, did well to shrug off a period of weak demand from the furniture industry in the early part of the year.

They say the overseas companies maintained their contribution to group profits and continue to represent a valuable balance against the company's exposure to the vagaries of the UK economy.

While it is too early to produce any meaningful forecast for the current year, the directors state that their optimism about the longer term prospects, once the present difficulties at national level have been resolved, "remains undimmed."

For the year under review the company has adopted the new accounting standard on deferred tax whereby it is now only provided to the extent that such liability may become payable in the foreseeable future. On this basis earnings per 25p share are up from a restated 11.8p to 23.3p compared with 12.9p (9.7p) assum full deferred tax accounts.

The new Ordinary shares will not rank for the 1977-78 dividends. Dealings are expected to start tomorrow.

The issue has been underwritten by Hill Samuel and Company. Brokers are Panmure Gordon and Co., Simon and Coates and Illingworth and Henriques.

● comment

Donald Macpherson's rights issue coincides with a creditable set of year-end results, which show profits up by a third. Also, the share price, at 80½p, is hovering at a 10-year peak, and with MLR at 14 per cent, the cash call looks timely. The company is not after extra working capital since it has been able to reduce borrowings over the past year to a more comfortable level of £5.8m or about 30 per cent of shareholders' funds. It is more interested in financing an ambitious expansion programme which, excluding possible acquisitions, could cost up to £6m over the next three years. With retentions, this expenditure should not be too difficult to cover. By developing the coatings side, DM obviously wants to keep abreast with advanced technology while there is plenty of room for growth in the DIY market. Meanwhile the current year is unlikely to show the same rate of growth as last year; margins on the paint side will be lower, because of expected increases of 25 per cent in the price of raw materials while the recent industrial problems will have had an adverse effect. On stated earnings the shares stand on a p/e of 3.4 rising to 6.1 on a full tax charge. The current yield is 5.6 per cent but this increases to 7.7 per cent (ex-rights) on the forecast dividend.

MID SOUTHERN WATER

Underwriters were required to take up 44 per cent of Mid Southern Water Company's Offer for Sale by tender of £5m eight per cent Redeemable Preference Stock 1984. Brokers to the issue were Seymour, Pierce & Co.

BAKER PERKINS

The rights issue of Baker Perkins has been taken up as to 95 per cent of the 2.96m new shares. The one for eight issue at 125p raised £3.5m to help finance further expansion.

Dale Electric profits surge to almost £2m

TAXABLE PROFITS of Dale Electric International, Yorkshire-based maker of electric generating sets, increased by 73.3 per cent to a record £1.91m in the first half to October 29, 1978, compared with £1.1m in the six months to July 2, 1977. Turnover increased from £6.98m to a peak £13.7m.

Mr. Leonard Dale, chairman, says the company's forward view, with an order book of £16.7m, is guardedly optimistic. However, *there may be some pressure on* margins as international competition tightens.

The return to traditional patterns of growth has been achieved despite difficult market conditions, continues Mr. Dale. The increase in sales and profits has outstripped inflation and the growth of competitors.

The company has increased its market share in the UK and held its own in export markets. The cost has been a 1.22 per cent narrowing in margins since the last reporting period. He adds that the progress of this half-year follows a period of consolidation during 1978, and "rewards of which are now evident."

Generating set production is being reorganised to provide further growth without added investment. The Erskine factory extension is completed and contributing to profits, but, he says, building developments at Houchin in Ashford, Kent, are "bogged down at planning permission stage."

After tax of £994,000 (£574,000), stated earnings rose from 5.25p to 6.91p in the period under review. The net interim dividend is lifted from 1.228p to 1.4p per 10p share, at a cost of £153,000 (£124,000) after waivers. Total payment in the previous 16-month period was 3.6688p.

Net profit rose from £529,000 to £918,000. Revenue reserves increased by £765,000 (£405,000).

● comment

Dale Electric appears to have weathered the difficult export conditions experienced by the electric generation industry much better than some of its competitors. Sales to Nigeria totalled £1.75m in the first half and more will flow through in the second while sales to Iran have virtually stopped but they accounted for only £300,000 in the first six months. Sales to Iraq, the other problem area for British exporters, have been hit but again Dale's exposure is small. *About 12 per cent of interim* sales and profits can be attributed to the Houchin acquisition but there has been growth in the group's traditional business as well. The order books at January were down from the £20m of a few months earlier to £16.7m (around nine months' sales), reflecting lower demand. Nevertheless the outlook for the second half is bright so a pre-tax profit of £4m could be achieved. The shares at 144p give a prospective p/e of 9.86 and yield (assuming a 10 per cent increase) 2.8 per cent.

Good year for Mardon Pkg.

BY TERRY OGG

Mardon Packaging, jointly owned by B.A.T. Industries and Imperial Group, has announced sales worth £313m and a pre-tax profit og £21.6m for the year to September 30, 1978.

Excluding the effect of acquisitions and inflation, real growth in sales during the year was only 3 per cent. The star performer in the group was the Case and Paper division, while continuing problems in France *meant that the UK and European* Print division did not achieve the growth levels originally expected.

"I am able to report that 1978 was a good year though our sales did not fully reflect the consumer boom," Mr. John Cornish, the group chairman and managing director, said. "The consumer boom had a greater effect on consumer durable products, the packaging of which represents only a small part of our business.

"Despite a variable pattern of demand and the difficulty in recovering inevitable cost increases, most of our UK divisions increased their level of sales and profits."

Capital investment in the UK companies was £13m and the bulk of this went in updating *equipment in existing factories.* "Part was for the two-piece can line at Mardon Illingworth which has commenced operation and where the total outlay will be £4m." Mr. Cornish said. "This represents Mardon Packaging's first venture into open-top can production."

Folding cartons, the traditional basis of the group, contributed around £94.1m of the total sales of £313.6m. Almost £69m came from flexible packaging, while fibreboard cases and fluting added £56.4m. Specialist print and labels contributed £53.3m, rigid plastics £18.8m, and the remainder came from metal containers, trade laminations, sawmilling waste paper and tubes.

Sales within the UK accounted for two-thirds of the overall *total, a quarter came from North* America-based subsidiaries and the rest came from sales in Europe.

Commenting on prospects for 1978-79 year, Mr. Cornish said that, despite evidence of a slackening in market demand, the year should be reasonably good for most of the group's operations.

Nottingham Mfg. moves ahead to record £15.4m

PRE-TAX profis of Nottingam Manufacturing Company finished ahead at a record £15.41m for 1978 against £15.02m last time, which included a £1.37m exceptional credit on disposal of investments. Turnover for the period, including inter-company sales of £19.47m compared with £17.86m, rose from £128.3m to £146.2m.

After six months, profits had moved forward from £4.54m to £4.98m.

At the year end basic earnings are shown as 21.04p (20.24p) per 25p share and 18.9p (18.19p) fully diluted. The dividend is stepped up to 3.623325p (3.243875p) net with a final payment of 2.622325p.

Nottingham manufactures knitted outwear, hosiery etc., and tufted carpets, and is a major supplier to Marks and Spencer.

	1978 £000	1977 £000
Turnover	146,200	128,285
Trading profit	17,524	15,872
Depreciation	3,516	3,412
Investment income	2,087	1,882
Conv. loan interest	690	696
Exceptional profit*	—	1,371
Profit before tax	15,405	15,017
Taxation	4,483	4,516
Net profit	10,922	10,501
Interim dividend	519	473
Proposed final	1,361	1,210
Surplus brought forward†	38,656	29,783
Retained	47,698	38,656
Company	33,023	[illegible]
Subsidiaries	14,675	13,047

* On disposal of investments. † On cancellation of loan capital.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Assam Investments, John James, Minerals and Resources, Throgmorton Secured Growth Trust, Zambia Copper Investments.

Finals—Anglo African Finance, Anglo-*American Securities, Anglo American* Coal, Birmid Qualcast, Copenhagen Handelsbank, Glass and Metal, Moorside Trust, Securicor, Security Services.

FUTURE DATES

Interims—

Footwear Industry Investments	Feb. 19
Gripperods	Feb. 21
Stocks (Joseph)	Feb. 22
United Real Property Trust	Feb. 21

Finals—

Berisfords	Feb. 21
Bibby (J.)	Mar. 13
Early and Marriott	Mar. 20
Lancashire & London Inv. Tst.	Feb. 22
Newbold and Burton	Feb. 22
Vantona	Feb. 20
Whittingham (William)	Feb. 15
Woodhouse and Rixon	Feb. 27

Today's company meetings

CompAir Marine Engineers, 76 Mark Lane, EC, 12. Lloyds and Scottish, Hyde Park Hotel, Knightsbridge, SW. 12. Management Agency and Music, Hendon Hall Hotel, Ashley Lane, Hendon, NW, 12. Martin The Newsagent, Connaught Rooms, Great Queen Street, WC, 12. Redfearn National Glass, Royal Station Hotel, York, 12. Westland Aircraft, Hyde Park Hotel, Knightsbridge SW, 12.

Beaumont turns in £1.12m

ALTHOUGH TURNOVER was lower at £2,703,096 against £3,092,563, pre-tax profits of Beaumont Properties rose from £1,018,150 to £1,124,486 for the year ended September 30, 1978.

At the interim stage, the directors said higher trading profits, together with benefits resulting from short-term investment of funds arising from last February's rights issue, should *produce increased net profits for* the full year.

After tax of £545,495 (£487,892) yearly earnings dropped slightly from 4.6p to 4.5p per 25p share. A final dividend of 2.69831p raises the total payment to 3.87081p (3.4664p) net.

Thermal Syndicate £0.5m off

TURNOVER at Thermal Syndicate rose by 7 per cent from £9.84m to £10.55m but taxable profits for the October 31 1978 year finished down at £1.17m compared with a previous £1.7m. At halfway profits had fallen from £551,000 to £202,000.

Sir John Paget, the chairman, says it was a difficult year for the group and that disadvantageous conditions coupled with the economic environment, in the markets in which it operates, in the UK and abroad, "have taken their toll."

In spite of the setbacks during the year he says the group is nevertheless in a strong position and ready to take advantage of any upturn in world trading conditions.

As anticipated, trading profits improved in the second half although they finished the full period behind at £564,000 against £969,000. Interest received and surplus on sale of processes and construction of associated plant added £603,000 (£726,000) giving the pre-tax figure.

The company continues to pursue an active policy of selling know-how, plant and equipment, Sir John states, and currently there are several interested parties although all enquiries are at an early stage. He adds that if no contract is completed during the current year then the surplus on the sale of processes will be considerably less than the amount included in the 1977-1978 profit.

In this event, he says, the directors expect that some of the shortfall will be made up by improved trading results since, with plans in hand, during the next 18 months, "trading results should again reach acceptable levels."

Tax for the year took £260,000 (£247,000) leaving a net profit of £907,000 (£1.45m). Earnings are shown as 17.04p (27.25p) per 25p share and the dividend, absorbing £319,000 (£356,000), is lower at 6p (6.7p) net despite an increased final of 4p (3.7p).

With effect from January 1, 1979, the parent company was reorganised into two constituent parts comprising: a Wallsend division, including the manufacturing operations at Wallsend; West Chirton, North Shields; the Benton Fused Magnesia works, together with the Southern branch at Stevenage. And a small central Thermal Syndicate staff organisation to deal with the longer term aspects, and administer commercial, technical and financial control

● comment

Thermal Syndicate's profits drop of just over 30 per cent is not unexpected following the warnings at the interim stage when profits fell nearly £350,000. But understandably the shares slipped back 4p yesterday to close at 88p. Thermal's problems have centred around depressed world-wide demand for silica products with the resulting competitive pressures showing through in lower margins. What shareholders will find more distressing than the figures is the news that profits this year will probably show another fall. The problem is that there will almost certainly be no contribution from the sale of "know how" and plant. Last year this was worth some £570,000, and there have been contributions from this source for nine out of the last 11 years. Thermal is in the middle of discussing possible new contracts, one behind the Iron Curtain looks most likely, but the current year is unlikely to see any benefit. Meantime the general trading picture is brightening up and first half profits will probably be around £400,000, while the second half could top that though the overall figure will be below £1m, but the dividend will be maintained. Dull prospects in the sort term, but accounted for in the p/e of 4.9 and yield of 10.7 per cent.

BIDS and DEALS

Comet to make 110p offer for Caledonian

Comet Radiovision Services last night announced its intention to make a takeover bid for Caledonian Holdings, which is already the subject of an offer from London and Midland Industrials.

Comet said it would be approaching Caledonian "with a view to obtaining its recommendation" to an offer of 110p per share. That would value Caledonian at £11m.

Caledonian only came to the stock market last month, via an offer for sale from its original owner, *Stenhouse. The tag then* was £6.5m. Just a day later, LMI came in with a bid worth £8.4m, having already acquired a near 30 per cent stake.

Comet has been steadily acquiring Caledonian shares in the market during the past week. Yesterday it acquired a further 700,000 shares at 110p per share, bringing its total investment to 2.21m shares, or 22.13 per cent of the equity. Last night Caledonian's shares closed 2p higher at 111p.

Comet says that any offer would be subject to the approval of *its own shareholders.* Last year it made an unsuccessful bid for Henry Wigfall, the TV rental and retail group, worth some £14m.

INTEREUROPEAN

By the close of the market yesterday, Associated Communications Corporation's advisers, N. M. Rothschild and Sons, had acquired sufficient shares in the market at between 86½p and 87p to give ACC control of Intereuropean. With the acceptances already notified, Lord Grade's company now has 54.48 *per cent.*

The identity of the Classic cinema chain, however, will be retained; Mr. Laurie Marsh, the chief executive, is to be asked to join the ACC main Board.

GENERAL CEYLON

Two small property companies, *Carlton Real Estates and Carlton* Estates are making a reverse takeover bid for General Ceylon Holdings.

The proposed deal begins with Ceylon buying the two other companies for shares worth *£317,000. This would* leave the property groups with 64.27 per cent of Ceylon and the obligation *to make a general offer for the* remainder.

The terms of the offer for Ceylon's minority is set at 8p in cash.

ANGLO-SWISS

Armstrong Equipment now owns or has received bid acceptances *for 74.65 per cent of* Anglo-Swiss Holdings. The offer became unconditional on January 29.

The share offer is to close on *February 27, but no closing date* has yet been set for the cash offer of 54p per share.

THROGMORTON PUBLICATIONS

Throgmorton Publications, the Financial Times' subsidiary and publisher of the Investor's Chronicle, has bought the title and goodwill of the now defunct Investors Review and Financial *World.*

It was formerly a member of the Trust Houses Forte Group. It will now be incorporated into the Investors Chronicle.

The Investors Review and its associated newsletter was bought *by Forte a year ago from the co-operative* which then owned it. Forte was hoping to use it as the basis for an expansion into financial publishing, but the review was not successful and folded two weeks ago.

KEAN & SCOTT

Acceptances received in respect of the offer by Mr. M. Levein for Kean and Scott amount to 2.125 shares. The conditions of acceptance have not been fulfilled, and the offer has accordingly lapsed.

This result is not unexpected. Mr. Levein only made a bid because he was obliged to do so *under the* Take-over Code *after* buying 51 per cent of the ordinary share capital from the chairman and certain business associates.

NICOL INDUSTL.

Nicol Industrial Holdings has acquired Richard Garrett Engineering, a manufacturer of equipment for plastic extrusion and injection moulding, packaging, solvent recovery and machine tools.

Garrett, a Suffolk-based group, has net assets of £3m.

Nicol *expects that its own* group turnover will exceed £30m in 1979.

ASSOCIATE DEAL

On February 12, 1979, S. G. Warburg and Co., *as an associate* of Hawker Siddeley Group, bought on behalf of discretionary investment clients, 25,000 shares at 199p, 51,550 at 198p and 25,000 at 197p.

SHARE STAKES

Chapman and Co. (Balham)—*Throgmorton Trust holds 123,500* shares (5.14 per cent) of the voting issued share capital.

Peachey Property Corporation—Sun Alliance Insurance Group have increased their holding of ordinary shares from 5.58 per cent to 6.52 per cent. They now *hold 1.39m.*

Christopher Moran Group—C. J. Moran (Services) (a company controlled by C. J. Moran, director) bought 10,000 shares at 41p on February 5.

NO PROBE

The merger of Newman Industries and the full acquisition of Avdel International NV is not being referred to the Monopolies Commission.

BROOKE BOND

Brooke Bond (Australia) Proprietary is now entitled to *98.5 per cent of the capital of* Bushells Investments. The offer by BBA for Bushells has not been *extended beyond the* original closing date of February 12, 1979 and BBA intends to acquire compulsorily any outstanding stock units in Bushells.

TESCO STORES

In connection with the purchase of 51 per cent of the capital *of 3 Guys Tesco Stores (Holdings)* has allotted a further 492,278 ordinary shares by way of additional consideration of £255,000 in respect of post-completion adjustments.

The shares have been placed by Phillips and Drew.

Tilling expands again in U.S.

Thomas Tilling has spent a further $4m (£2m) on expanding its U.S. medical distribution interests.

It has acquired Hosmer-Dorrance Corporation, a *subsidiary of the American* Hospital Supply Corporation, which makes and distributes specialist components for artificial limbs. A third of the company's output is exported.

Only last September Tilling paid $19m for D. L. Saslow, a major U.S. distributor of dental equipment. The acquisition *complemented Tilling's existing* medical distribution company in the U.S., InterMed Holdings which before the Saslow purchase made profits of £4.7m on £61.2m turnover.

The Hosmer-Dorrance business *will also fit within* InterMed's range which already includes artificial limbs and orthopaedic support garments.

The acquisitions are part of an overall £100m U.S. expansion plan which has so far also included strategic purchases in the air conditioning and engineering fields.

FORD DEALERSHIP SALES BY UBM

UBM GROUP has completed the sale of three of its Ford Main Dealerships for £1,275,000 cash.

The sales were required to comply with an undertaking given to the Ford Motor Company at the time of UBM's acquisition of the Godfrey Group of motor companies from the Hodge Group.

UBM now has five Ford car and truck main dealerships in Bristol, Cardiff, Winchester, *Exeter and St. Austell.*

B AND C BUYS SAVOY STAKE

British and Commonwealth Shipping has acquired close on 8 per cent of the capital of the Savoy Group, giving it 4.25 per cent of the votes. The purchase *of 2.3m "A" shares was made* last Thursday, but the vendor has not yet disclosed its identity to the Savoy.

The holding, which is in the name of Bricomin Investments, comes less than five months after *Trafalgar House sold its 23 per* cent stake to Grand Metropolitan for just over £5m.

Yesterday's announcement sparked a 3p rise in Savoy's shares to 77p.

SCHRODERS

A joint venture property company in the U.S. owned by Schroders and the Lend Lease Corporation is to be dissolved.

The company, called Property Holdings International, is said to have had net assets of $19m at the end of last year and these *are to split between the* partners. Schroders will get the land bank and financial assets and Lend Lease will retain the schemes under development.

Guthrie advert 'misleading'

BY JAMES BARTHOLOMEW

The Guthrie Corporation and Baring Brothers and Co., its merchant bank, have been taken to task by the Takeover Panel *because of an advertisement* placed in yesterday's newspapers.

The advertisement told shareholders, who are being offered 425p per share by Sime Darby (Holdings): "Sime cannot close its offer on Friday, February 16, 1979. Under the City Code, you must be given 14 days' *notice of Sime's intention to* close its offer."

The Panel has taken the view that this was misleading. Technically, Sime may not be able to "close" the offer on Friday, but it could certainly allow the offer to lapse on this date.

Baring Brothers were reluctant yesterday to admit any fault *on their part.* "*Nothing* in the advertisement was incorrect," they said. "It has been suggested that it was misleading."

But the technical correctness or otherwise of the advertisement cut little ice with the Panel which was concerned about the possible misleading impression *it might give.*

The advertisement could arguably have led Guthrie share*holders not to accept the Sime* offer on or before Friday in the belief that the offer would necessarily still be open for acceptance beyond that date.

The Panel has not insisted on an apology or *correction* by Guthrie and Baring Brothers, only an amended version of the same advertisement. The Panel itself is somewhat embarrassed about the matter since it did not object to the wording of the advertisement when Barings submitted it before publication.

The amended advertisement reads: "Sime says the latest time for your acceptance is 3.30 pm on Friday, February 16, 1979. Unless *it lapses at that time,* Sime cannot close its offer without your being given 14 days notice."

The board of Guthrie yesterday announced the death of Sir *Eric Griffith-Jones, the chairman.* He had been ill for some time.

WILMOT BREEDEN/ ROCKWELL TALKS

The two-month long series of talks between Wilmot Breeden and the U.S. Rockwell International seem to be coming to a conclusion.

In early December the companies jointly announced the *opening of talks "on areas of* mutual interest" and the possibility of "closer associations" which might range from joint ventures to a full takeover.

Now technical teams have been exchanged and the discussions have been largely completed.

In the market yesterday *Wilmot's shares stood at 80½p, up* 4½p.

MINING NEWS

Fluor expects revival in metals investment

BY PAUL CHEESERIGHT

FLUOR CORPORATION, the California engineering and management services group active in the natural resources sector, expects to bring the metals and mining sides of its business back into profit this year.

Hopes of a revival are linked to an increase in the amount of capital investment in the mining industry, following a slight upturn in 1978. At the end of Fluour's last nancial year, in October, 1978, the backlog of orders from metals and mining had risen in value to $310m *(£154.6m) from $153m in 1977* and a lowly $46m in 1976.

The nature of the services Fluor provides makes the group's activities in this area a barometer of mining industry confidence generally.

Since October, Fluor's mining services orderbook has in any case grown with the agreement to provide design facilities and construction management for an $800m copper project in China.

The group's latest annual report, just published, makes it clear that China could prove to be a major market for a broad *spectrum of services. Fluor has* been establishing links with China for a number of years: its teams have visited the country and Chinese officials have visited its California headquarters.

In addition to the copper project, Fluor has arrangements for work at two oil refineries, thus emphasising its position in the vanguard of the western race to sell expertise to China.

But it will be some time before revenue from China makes a significant difference to Fluor's corporate fortunes. In the year to last October the metals - mining - engineering - construction side of the group reached what could be bottom of the business cycle when it recorded an operating loss of $5.04m (£2.5m).

Operating profits from this activity, a small portion of the group's total earnings, have been declining steadily since touching a peak $9.04m in 1975. There has been a similar movement in the value of the work completed, which was worth $297.5m in 1975 and just $91.6m in 1978, and in the revenue received which slipped from $127.89m in 1975 to $39.6m in 1978.

This falling pattern of earnings from metals and mining has been at odds with the general trend in the the group's net profits which reached $78.35m in the year to last October *after six consecutive* years of growth.

However, the prospects of a recovery in the metals business began to appear last year when the value of new orders rose to $257m from $107.8m in 1977.

To some extent this increase reflects internal re-organisation at Fluor, where more and more stress has been placed on the marketing of the services the group offers.

● Fluor has won a contract to make a mining engineering feasibility study of a surface lignite deposit owned by Dow Chemical near Logansport, Louisiana. Dow is contemplating a $200m *investment in the mine* and associated facilities.

WAGE DISPUTE HALTS WORK AT BOUGAINVILLE

Production at the Rio Tinto-Zinc group's big Bougainville copper-gold operation in Papua New Guinea came to a halt yesterday following a strike of mineworkers.

The stoppage, called for by the mine union, rises from a wage claim. According to Mr. John Tresize, the Bougainville assistant manager, the claim is out of *line with the Papua New Guinea* Government's wage policy.

A senior official of the country's Industrial Relations Bureau is flying to Bougainville from Port Moresby to mediate in the dispute. So far, neither side has made public its bargaining position. Bougainville Copper shares eased 4p to 163p *yesterday.*

INCO: better nickel market

CANADA'S Inco expects a return to balanced market conditions for nickel by the end of *the second quarter of this year,* according to Mr. J. P. Schade, senior vice-president.

He said the market situation is changing rapidly. There has been a substantial increase in stainless steel production, which *is continuing into the first half.*

However, Inco is not predicting a nickel shortage this year, despite production curtailments and strikes at the group's Sudbury operations.

Mr. Schade said a shortage could develop if the strike by 11,700 workers at Sudbury continues for "a lengthy period."

He added that there had been a major change in the nickel outlook that would enable the leading producers to establish a better supply and demand balance and thereby improve pricing prospects.

Yearlings unchanged

The coupon rate on this week's batch of local authority bonds is unchanged at 13⅞ per cent.

The coupons are issued at par and are *repayable on February* 20, 1980. The issues are: Sedgemoor District Council (£250,000) Daventry District Council (£750,000). East Lothian District Council (£500,000), Mid Sussex District Council (£500,000), Tunbridge Wells Borough Council (£500,000). Gwynedd County Council (£750,000), Hambleton District Council (£300,000), Doncaster Metropolitan Borough Council (£350,000), Borough *Council of Gateshead (£250,000),* Craven District Council (£250,000). Mansfield District Council (£450,000), Bassetlaw District Council (£500,000), Metropolitan Borough of Rotherham (£500,000), Arun District Council (£500,000). Barnsley Metropolitan Borough Council (£1m). Chester-le-Street District Council (£250,000), Cumnock and Doon Valley District Council, Borough Council (£500,000), London Borough of Waltham Forest (£1m).

Tayside Regional Council is issuing at par a five year variable rate bond repayable on February 8, 1984, for £1m. Interest will be 1½ *per cent above the six month* interbank rate.

IOCO EARNINGS HIT BY STRIKE

Because of last year's four-month strike, which ended in July, 1978 earnings of Iron Ore Company of Canada slumped to U.S.$299,000 (£149,000) after an unrealised exchange loss of $5.4m. In 1977 the company made a profit of $44.9m which *included an unrealised exchange* gain of $8.5m.

However, IOCO earned $39m in the final quarter of 1978 after the earlier losses. The company, which last paid a dividend for 1971, is 27.14 per cent owned by the U.S. Hanna Mining with Canada's Hollinger group holding a further 12.11 per cent.

MINING BRIEFS

CONZINC RIOTINTO MALAYSIA—Timah dredge production for January 68.24 tonnes (December 92.5 tonnes).

TUC BACKING SOUGHT FOR GUIDELINES TO UNIONS ON INDUSTRIAL RELATIONS

Procedures aimed at resolving disagreements quickly

BY OUR LABOUR EDITOR

THE TUC general council will be asked today to endorse three sets of guidelines for unions on industrial relations. Details of these guidelines—"Negotiating and Disputes Procedures," "Trade Union Organisation and the Closed Shop," and "Conduct of Industrial Disputes"—are reproduced here. They are appended to the joint statement drawn up by the TUC and the Government and called "The *Government, the Economy and* Trade Union Responsibilities."

The guide on disputes pro*cedure emphasises the responsi*bility on unions and management to agree relevant and practical arrangements, to observe agreements, and to eschew action in contravention of agreements. It advises unions to review their internal machinery periodically to repair faulty communications leading to unofficial action and urges them to prevent such action energetically.

Observing the principles

Affiliated unions, it says, should observe the "TUC's Disputs Principles and Procedures" which are designed to minimise disputes between unions and provide for conciliation, ajudication, and binding awards by the TUC in case of disagreement. No official strike should take place on an inter*union issue before any* TUC examination, the guide says.

Unions and employers should *periodically review negotiating* arrangements, paying particular attention to the following *matters:*

Relevance of agreements

● Whether the industry-wide agreement is relevant to current circumstances, particularly determination of wages and the development, where appropriate, of *comprehensive* and authoritative collective bargaining machinery at company or *factory level:*

● Whether dispute procedures should terminate at establishment level or whether unresolved disputes can be usefully dealt with at industry level: and

● Whether collective bargaining, disputes and grievances procedures are satisfactory.

"The objective in all industries and services should be to establish arrangements whereby matters of common interest to employers and workpeople can be discussed and negotiated at the appropriate level," the guide says.

Such matters as basic wage rates and terms and conditions of service may be appropriate for industry-wide colective bargaining. But job-evaluation, may be best carried out at company level, such issues as the application of company and industry agreements need effective colective bargaining at establishment level.

Simple, written arrangements

The guide recommends a simple, written, disputes procedure. It says it:

● *should specify the appropriate* levels for raising and settling disputes, and the manner in which a worker may raise a grievance. Wherever possible disputes should be resolved at the level at which they arise; otherwise at a higher level in the establishment. Issues such as individual piece-work prices may not require more than one external stage of procedure;

● may specify time limits *within* which issues should normally be settled or taken on to the next stage of procedure; and

● should indicate issues on which implementation of a *managerial decision is deferred* until either agreement is reached or the negotiating procedure has been exhausted.

The guide provides the following clause to illustrate the *principle of the "status quo"*:

"It is agreed that in the event of any difference arising which *cannot immediately be disposed* of, then whatever practice or agreement existed prior to the difference shall continue to operate pending a settlement or until the agreement procedure has been exhaustd."

Conciliation by an outsider

The disputes procedure, the guide continues:

● may include a stage requiring conciliation by an outside person or body, including the Advisory, Conciliation and Arbitration Service and the TUC;

● may provide for arbitration as a final stage, particularly to resolve disputes at local level on issues which are not regarded as appropriate for more than one external stage of procedure, or in the case of essential services and industries.

● should, where an adequate "status quo" provision is incorporated, preclude a strike or other industrial action by workers or a lock-out or other management pressure until all stages of procedure have been exhausted.

The guide on union organisation and the closed shop says that the logical objective of a union is clearly 100 per cent organisation and the closed shop one means whereby the worker can ensure continuity of collec*tive strength and freedom of* expression.

Closed shops have 5m

Of the 12m trade unionists belonging to unions affiliated to the TUC, it estimates that 5m work in closed shops. These are broadly pre-entry and post-entry.

After reviewing reasons why the closed shop started, the guide lists their benefit to worker and employer.

The existence of non-unionists, it says, may be positively harmful to good industrial relations and can undermine the stability of established negotiating and consultative arrangements.

"For many years, unions voluntarily and without any legal requirement, have made provision for conscientious objectors to be excluded from the closed shop provisions, but in some cases on the understanding that they make an *equivalent payment to charity.*

"Some union membership agreements also provide that certain categories of workers need not join the union or unions signified in the agreement."

As flexible as required

The closed shop, the guide says, need not be a rigid arrangement. Its scope can be as flexible as required "and unions might bear this firmly in mind."

One difficulty has been the conclusion of exclusive union agreements by one union in circumstances where another affiliated union or unions has had a membership interest. "On occasions such action may breach the 'TUC Disputes Principles and Procedures.' More generally it can generate ill-will and endanger good inter-union relations."

Unions are urged to have regard to interests of other unions in drafting such agreements.

The guide say the agreement must be applied in a manner consistent with its terms "if it is to be used as a defence before industrial tribunals by employers when they have dis*missed a person not in member*ship of a union referred to in the agreement."

Recognition of other cards

Recognition of cards of other appropriate *unions needs to be* operated consistently and provided for in the agreement. "An indication needs to be given about which unions are regarded as appropriate. To provide flexibity while not undermining the union membership agreement one approach could be to include a clause *which permits the recognition* of cards of other TUC-affiliated unions. . . ."

Closed shops, *the guide says,* can be achieved by methods varying from refusal to work with non-unionists to a formal agreement with an employer. "The way that causes most difficulties is when a union refuses to handle work from an employer, or to supply goods to him, unless his workforce is *100 per cent unionised by the* union."

The TUC general council advises unions to persuade workers of the benefits of union membership.

Independent reviews

The guide says that the *Independent Review Committee* was established in May, 1976, to consider appeals from *individuals dismissed because of* exclusion from or refusal of admission to a union when membership is *a condition* of employment.

The terms of reference, the guide says, are as follows:

● The committee must be satisfied, before considering an *appeal, that* a dismissed person has exhausted internal union procedures:

● The committee will discuss the case with the union and the individual concerned and try to *resolve* the matter by agreement:

● If agreement cannot be reached the committee will make a recommendation about whether or not the individual should be admitted to the union, or in the case of an expelled member whether or not he should be taken back into the union, and if so, upon what conditions. "There is then a clear responsibility on the part of the union concerned to act upon such a recommendation."

Rights of the individual

The guide says the TUC has *reminded* affiliated unions of the importance of taking all steps necessary to ensure that *individuals excluded from* membership or refused admission "are made aware of their rights both *within* the union and in respect of the Independent Review Committee."

The guide on the conduct of industrial disputes includes advice to unions on strikes and *picketing.*

It says the TUC general council regards industrial action as a fundamental right, but also as a measure of last resort which should be used responsibly.

It says such action "can damage the ability of the employing establishment to provide *subsequent growth in earnings* and to maintain employment. More immediately industrial action, particularly *strikes,* cause loss of earnings and a sharp drop in workers' living standards.

"The earnings lost in a prolonged strike may take months, and even years, to recover even if the strike has been successful in achieving improved pay and conditions. Moreover, regard needs to be paid to the effects of the action on other workers, the movement generally and the *community at large.*"

The general council, the guide says, strongly recommends the following principles for incorporation in union rules:

● Strike procedures to be stated clearly and which bodies have authority to call, approve, or terminate a strike;

● Ballots to be held where a strike is contemplated or during a strike, the decision to hold such ballots being at the discretion of the appropriate body of the union;

● The size of the majority required to be specified;

● A strictly defined procedure to be provided for strike ballots, and sanctions for any breach of such procedure;

● Machinery for dealing with complaints arising over the ballot.

Emergency services

The guide says that generally unions recognise the need to provide emergency or essential services and to maintain plant and equipment during industrial disputes, "and the TUC considers that such action is vitally necessary."

The general council advises unions that for the duration of an industrial dispute, they should, where necessary, "make arrangements in advance and with due notice, in consultation and preferably by agreement with the employer, for the maintenance by their members of *supplies and services essential* to the health or safety of the community or otherwise required to avoid causing exceptional hardship or serious pollution."

Union members should also "provide cover for the maintenance of plant and equipment essential to the functioning of the establishment and which also ensures, as far as possible, a smooth return to full production on a resumption of normal working.

"Where livestock is involved, trade union members should also ensure that systems essential to their wellbeing con*tinue to function* and that supplies of foodstuffs are maintained.

Deflecting supplies

On picketing, the guide, after *defining the main aims, says it* "may also be aimed at deflecting supplies or custom from the employer in dispute."

It adds: "Unions should in general, and save in exceptional *circumstances,* confine picketing to premises of the parties to the dispute or the premises of *suppliers and customers of those* parties."

Although there is no legal right to picket, the guide says, it is lawful for persons acting in contemplation or furtherance of a trade dispute to picket at or near a workplace or any other place (except a person's home), provided they do no more than peacefully obtain or communicate information or peacefully persuade *workers to abstain* from work. The right to picket is subject to the following legal restrictions:—

● If pickets enter private property without permission and damage occurs, they are liable to be sued individually for trespass or collectively for conspiracy;

● *pickets may communicate* or obtain information "peacefully" but may not interfere with persons entering or leaving premises. Interference includes unlawful obstruction of the highway or of other users of the highway, the use of such methods as lying down in the road, linking arms to prevent the entry of lorries to premises, jostling or detaining persons entering or leaving the premises and making threats of violence or engaging in acts of violence;

● it is unlawful for any person to use or threaten violence to a person or his family or to injure his property or to deprive him of it. In addition interference with passage on the highway may constitute a "*nuisance*" in the civil law;

● "Hunt v Broome" established that there is no right on a picket to stop a vehicle against the driver's will. Lawful methods of persuasion are *limited to* "oral or visual methods" and do not permit pickets to commit acts such as physical obstruction *of* a vehicle or person;

● the law gives the police con*siderable discretionary* powers to decide whether the methods used by pickets are lawful in particular circumstances. In 1960 the courts supported a police officer who decided that a picket of two persons was adequate and arrested a third man on the picket line. However, on other occasions larger numbers of pickets have been allowed without police intervention. In 1966 the courts ruled that where pickets walked in a continuous circle outside a factory and refused to obey a *police officer's order* for them to stop, the police officer had been obstructed in the course of his duty.

Requests to pickets

The guide emphasises that any request for members of another union not to cross picket lines should be directed to the appropriate official or body of the other union, so that proper instructions can be issued to the members concerned. *It says that if picketing* is planned at any place other than the premises of the employer in dispute, *it should take place only after the specific* approval of a person authorised by the union in dispute, "who should take into account the interest of other affiliated unions and consult them accordingly."

Identifying badges or armbands should be carried or worn by authorised pickets. Where trade union members need have access to the premises—for instance those engaged in essential safety or maintenance work—this should be made clear to the pickets.

Disciplined, peaceful

Pickets should be advised to act in a disciplined and peaceful manner even if they are provoked by non-unionists or others, the guide says. "It will help to ensure that picketing is peaceful if an experienced *member, preferably a union* official, is in charge of the picket line. He should have a letter of *authority which* he can if necessary show to police officers or to workers attempting to cross the picket line and should be provided with a copy of this guide. He should ensure that the number of pickets is no larger than is necessary."

The guide points out that it is an offence to use insulting words or behaviour and says that a picket must accept instructions from the person in charge "*and undertake* to behave in a lawful and disciplined manner."

Where a union member is instructed to cross a picket line, "for example, to deliver essential supplies," he should not be subject to disciplinary action by any union.

Intimidation fear

The guide says that although *demonstrations may constitute* an effective appeal for solidarity "the police may regard a large body of workers as obstructing entry to premises or as intimidation towards those who wish to enter."

Where large numbers of people with strong feelings are involved, things can get out of control, "particularly in a confined area such as access to a factory."

Such demonstrations, it is stated, should be well organised and disciplined. "It is also important that demonstrations of this kind do not convey the impression that the object is *to blockade a workplace.*"

U.S. AIRLINE PROFITS

Coming down from the heights

BY JOHN WYLES IN NEW YORK

APPROPRIATELY, THE first word of warning from within the U.S. airline industry that profits are coming under pressure was uttered recently by the former astronaut Frank Borman.

Having climbed to stratospheric heights last year, earnings look set to descend in 1979, and the question exercising the former Apollo command pilot, now chairman of Eastern Airlines, is how far and how fast.

Needless to say, he is not alone in this preoccupation, for managements at all 11 U.S. trunk airlines are encountering new problems with their businesses. Last year's record aggregate profits of $1.1bn would in any circumstances have been a tough act to follow, and living with a fall in profits is not, of course, a new problem to any of them. But 1979 will be their first full year of operations in an unaccustomedly competitive climate. By relaxing the requirement for Government approval in advance for some decisions on pricing and route operations, the Airline Deregulation Act passed by Congress last November has opened up startling opportunities for both commercial gain and management error.

Management and marketing skills, therefore, are going to be at a premium. For more than a year before deregulation became law, the industry had been rehearsing for it, at first cautiously, and then with increasing brio. At centre stage was the cut price air fare.

But there is now a strong feeling within the industry that discounts have gone far enough, or perhaps even too far, in dominating airline marketing. In essence, cheap fares tend to lower an airline's yield per passenger mile—in the 12 months up to the end of September, the average fall for the 11 airlines was 0.2 per cent.

This is not materially damaging so long as the fall in yield is offset by traffic growth and is not compounded by excessively rising costs. In the year up to the end of September, which was undoubtedly the most profitable 12 month period in the industry's history, traffic and revenue growth far outstripped the increase in costs. According to Mr. Robert Joedicke of Lehman Brothers Kuhn Loeb, the margin between the average passenger load needed to break even (break even load factor) and the actual load factor on scheduled passenger services widened to 4.3 points—nearly double that of the preceding 12 months.

But in the final quarter this differential narrowed for some airlines (Eastern, Delta) and disappeared altogether for others who actually moved into the red (TWA, Western, Continental). Only American, National, Pan Am, United and Braniff maintained the advance which had been so apparent in the first nine months, despite an accelerated decline in yields.

Despite profits of $12.84m in the fourth quarter compared with a $1.9m operating deficit in the previous year's quarter, United Airlines is already seeking to counter a trend more apparent among some of its competitors.

United's quest for more ticket revenues is also an acknowledgement that the scheduled airlines' average load factor of 1978 on domestic and international services, 61.6 per cent compared with 55.9 per cent the year before, cannot be sustained this year, even if the expected 6 to 8 per cent growth in traffic materialises.

This is partly because last year's average load factor was inflated by the 109 day strike at Northwest Airlines, and partly because airline capacity may grow by as much as 11 to 15 per cent this year.

At the upper end, such growth would be more than double last year's 6.3 per cent increase in available seat miles, and is a reflection of several factors. As a result of deregulation, the scheduled airlines are sprouting new routes like a newly-watered seed bed. Braniff, one of the most aggressive, has already announced plans for 50 new route segments and is opening new stations in 17 cities.

Further additions to capacity will come in the form of new aircraft—100 are due for delivery this year—and through a more intensive use of existing fleets. Unless last year's traffic growth can be maintained, which is unlikely, this increase in capacity is bound to depress average load factors, while break even levels will be raised by higher costs of fuel and labour and by start up costs for new routes. The new routes complicate the calculation, but Mr. Michael Armellino of Goldman Sachs expects a 14 per cent rise in the airlines' operating expenses and an 11 per cent rise in operating revenues.

Inevitably, the end result will be lower profits in 1979, and the consensus estimate among analysts is $700m—historically an excellent aggregate but one which pales alongside the 1978 bonanza.

CORPORATE EARNINGS

	1978 $	1977 $
American	134m	81.9m
Braniff	45.2m	36.6m
Continental	49m	25.6m
Eastern	67m	34.7m
National	18m	14.4m
Pan Am	130m	45.0m
TWA	87m	64.8m
UAL Inc	302m	92.9m
Western	55m	14.4m

Discount fares, which did so much to boost airline profits last year are now being increasingly regarded within the industry as a danger to profitability in 1979. Reduced earnings seem inevitable this year.

New tactics by Eastern in battle for airline

By John Wyles in New York

EASTERN AIRLINES has tabled changes in its proposed $50 a share offer for National Airlines in a move partially designed to force Pan American World Airways to match its bid in advance of a Civil Aeronautics Board decision on the rival claims.

National had agreed to recommend Pan Am's $41 per share offer to its shareholders before Eastern burst on to the scene in December with a substantially higher bid. Mr. E. Maytag, National's chairman, who owns 5 per cent of the company's stock, is widely believed to be reluctant to enter into any merger, but of the three rival suitors—the third is Texas International Airlines—he is believed to favour National.

However, Eastern's offer created a dilemma for National, which cannot easily deny its shareholders access to a better return. Early this month National produced a bidding plan based on the premise that the CAB agrees to a merger with either Eastern or Pan Am. In that situation, there would be a series of five bids, with Pan Am enjoying the last bid in each case. If Pan Am matched Eastern's price, then it would acquire National.

Eastern has attacked this procedure as unfair, and has proposed that the bidding take place before any final CAB ruling. Mr. Frank Borman, Eastern's chairman, has announced that his company is retaining the option to make its offer subject to the approval of National's shareholders before the close of business on May 1, execution of the merger by National on May 2 and approvals by Eastern's lenders.

He proposes that Eastern and Pan-Am continue bidding against each other until one airline fails to follow a bid by the other within one hour.

Mr. Maytag has responded by sticking to his airline's published plan, but it remains to be seen whether Eastern's move brings pressure from shareholders to ensure that Pan-Am matches the $50 a share price which Eastern is putting on their airline.

Resistance to Lincoln's merger bid

NEW YORK — The president of American Reinsurance, Mr. J. D. Koehnen, said he "personally believes" that his Board will not approve a proposed $285m merger bid from Lincoln National Corporation.

"Based on conversations" with the directors since receipt of the bid, he believes that the directors will reaffirm their previously expressed position "that American Reinsurance is not for sale."

American Reinsurance's Board is scheduled to meet on February 20 to consider Lincoln National's proposal.

Reuter

EUROBONDS

Dow Chemical seeks $200m

BY NICHOLAS COLCHESTER

AS THE international dollar bond market continued to digest the recent spate of new issues, it was announced last night that Dow Chemical is to issue a 15-year Eurobond to raise $200m.

European Banking Company and Deutsche Bank are managing the issue. The coupon is 9¾ per cent and offers a yield to maturity of 9.69 per cent at the indicated issue price of 99¾.

The initial reaction among dealers was that Dow was a prime name, and that the issue had a reasonable chance of success despite the recent unsettled state of the market.

Baring Brothers yesterday announced the final terms of its issue with warrants for Redland. The $25m issue until 1991 was priced at 99½ to yield 9.58 per cent. The warrants are exercisable after March, 1980, at a price of 176p per share—a 10 per cent premium over the closing price yesterday. The market remains chary of this paper, and bonds are available at, or below, the issue price less selling concession.

Manufacturers Hanover Limited and Banque Nationale de Paris are arranging a floating rate note for Thailand. The amount should be about $30m for five years. Announcement was also due last night of a $300m Yankee bond for Ontario Hydro until 2009 at an indicated coupon of 9⅜ per cent. Lead managers are Salomon Brothers.

The D-Mark sector of the market continued its recent depressed tone and both Dresdner Bank and West LB are understood to have postponed issues booked in the calendar. Early this morning details are expected of the next tranche of D-Mark denominated Carter notes. Schuldscheine are expected with maturities of 3½ and 3¾ years and coupons of 6.3 per cent and 6.6 per cent respectively.

Oil industry group has record year for earnings

BY OUR FINANCIAL STAFF

THE RATE of earnings growth at Schlumberger, the Franco-U.S. oil industry group, was maintained in the final quarter of last year, bringing a record end total of $502m in net earnings, a gain of 25 per cent over the previous period. Per share earnings moved up from $4.68 to $5.91. At $2.68bn, sales gained 21 per cent.

The pattern was fully reflected in the closing quarter, when earnings advanced by 26 per cent to $137.4m, or $1.62 a share, on sales 21.7 per cent higher at $722.1m.

Schlumberger which virtually dominates the world market in oil industry measuring equipment, has joint head offices in Paris and New York. It operates in all the major oil search and producing areas.

Mr. Jean Riboud, the chairman, commented that fluctuations in currency exchanges had little impact on earnings.

The slowdown in Iran, said Mr. Riboud, has been offset as far as Schlumberger is concerned by increased activity elsewhere in the Middle East, the Far East and Africa.

In North America, where the group's earnings base is still firmly established, the fourth quarter brought a strong upturn in oilfield service activity.

This helped offset the traditional winter decline in business in the Eastern Hemisphere, where bad weather discourages offshore search drilling.

Measurement and control, which provides about one sixth of the group profit, reported good results in the fourth quarter, notably in North America, Italy, Belgium, Spain, Austria and Brazil.

Schlumberger has attracted attention in Europe in the past couple of years by its acquisition, first of Sangamo Weston, the UK electric meter and apparatus manufacturer, and more recently of Membrain, a small electronics company based in Dorset.

Asarco bounces back

BY OUR NEW YORK

FOURTH QUARTER earnings of Asarco, the largest non-ferrous metals company in the U.S., have soared above analysts' expectations, underlining the rapid earnings recovery under way in the metals industry.

Asarco said that its earnings in the fourth quarter of 1978 rose to $48.7m or $1.66 per share compared with a loss of $41.2m or $1.54 a share in the fourth quarter of 1977.

For the year as a whole, Asarco reported net income of $49.5m or $1.69 a share compared with a loss in 1977 of $29.5m or $1.10 a share. Sales revenues in 1978 increased to $1.2bn from $1.1bn.

Asarco's earnings have been declining steadily from a peak of $126m in 1974 to the $29.5m loss in 1977, partly as a result of the deteriorating conditions in its main markets which have affected the non-ferrous metals industry.

Mr. Charles F. Barber, the chairman of Asarco, said that a significant improvement in the markets for the company's four main metals—copper, lead, zinc and silver—during the last half-year and higher prices accounted for the sharp earnings improvement.

Mr. Barber said that sales volumes and prices, particularly for copper, recovered strongly from the depressed levels of 1977 and early 1978.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on February 13

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9⅛ 88	25	94½	94⅞	−0⅛	−0½	10.15
Australia 8.45 83	175	95⅝	96¼	−0⅛	−0⅛	9.83
Australia 9⅛ 93	75	96⅝	97⅛	−0⅛	−0⅛	9.74
CECA 8¾ 87	50	93¾	94¼	−0¼	−0¼	9.82
CECA 9¾ 84-99	50	96⅛	96⅝	−0½	−0⅜	9.77
CNT 9 93	75	94⅛	94⅝	−0⅜	−0⅜	9.74
Canada 9 83	400	97⅝	98⅛	−0⅛	−0⅛	9.80
Canada 9⅛ 98	350	96⅝	97⅛	−0⅛	−1⅛	9.83
Canadair 8½ 83	70	94¾	95¼	−0¼	+0⅛	9.95
Dominion Bridge 9 86	*	94¾	95¼	−0⅞	−0½	10.00
EIB 9⅛ 98	125	94⅝	95⅛	−1⅛	−1	9.93
Export Dv. Cpn. 9.85 84	150	100	100½	−0⅞	−0⅜	10.02
Eksportfinans 9 86	50	95⅛	95⅞	−0⅛	−0½	9.82
Finland 8¾ 83	100	96⅝	97⅛	−0⅜	−0⅛	9.91
Finland 9 88	100	94¾	95¼	−0⅛	−1⅛	10.05
Finland 9½ 86	100	97⅝	98⅛	0	0	9.92
Hospital O/S 9 83	25	96⅞	97⅜	−0⅛	−0½	9.78
Ital Finance 9¾ 90	30	93⅞	94⅜	−0¼	−0½	10.64
J. C. Penney 8½ 83	100	95⅝	96⅛	−1⅛	−0⅞	9.65
NZ Dev. Fin. 8⅛ 83	20	93½	94	−0⅛	−0⅞	9.96
NZ Dev. Fin. 8⅝ 85	20	93¼	93¾	−0⅞	−0⅛	9.79
Nat. West. 9 86	75	97⅛	97⅝	−0⅞	−0½	9.49
Newfoundland 9¼ 90	50	97	97½	−0⅛	−0⅛	9.65
Nord Inv. Bk. 8⅝ 88	25	94⅞	95⅞	−0½	−0½	9.55
Norsk Hydro 9⅜ 94	50	95½	96	−0⅞	−0½	9.80
Norway 7⅞ 83	250	93	93½	−0¼	0	9.89
Norway 8⅝ 83	150	96½	97¼	−0⅞	−0⅛	9.87
Norway 9¾ 84	150	99⅝	100⅛	−0⅛	−1⅛	10.02
Occidental 8⅞ 85	75	92⅝	93⅛	−0⅛	0	10.45
Ont. Hydro 8½ 85	125	93½	94	−0⅛	−0⅛	9.86
Quebec Hydro 9½ 93	50	97	97½	−0¼	−1⅛	9.85
Sweden 9⅛ 98	125	95⅝	96⅛	−0⅛	−1⅛	9.96
UK 8½ 85	200	95⅛	95⅝	−0⅛	−0⅛	9.72
UK 8⅞ 93	150	95⅝	96⅛	−0½	−0⅛	9.62

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 6⅜ 87	70	97⅜	97⅞	−0⅛	−0⅛	5.88
Argentina 6½ 88	150	95⅜	95⅞	0	+0⅛	7.13
Australia 6 88	250	98⅞	99⅜	−0⅛	−0¼	6.05
Austria 5¾ 90	150	92	92½	−0¼	−0½	6.72
Bankamerica 5¾ 90	150	98	98½	−0⅛	−0⅛	5.96
Bq. Ext. Algerie 7¾ 85	100	96⅜	96⅞	−0⅛	−0⅛	7.93
Brazil 7¼ 87	150	100⅛	100⅝	0	0	7.18
CECA 6 88	150	96⅛	96⅝	−0¼	−0½	6.51
Canada 4¾ 83	600	96⅝	97⅛	−0⅛	−1⅛	5.69
Ch. Manhttn. O/S 6 93	100	99¼	99¾	−0⅞	−0⅞	6.05
Commerzbank WW 3½	100	99	100	−0⅛	−2	3.56
Commerzbank XW 3½	100	80½	81½	−0⅞	−0⅛	6.23
Copenhagen City 6 90	75	91¼	91¾	−0¼	−0¼	7.09
Council of Europe 6⅛	100	97½	98	−0⅛	0	6.47
Council of Europe 6¼	130	98¼	98¾	0	+0⅛	6.46
Denmark 5¾ 85	100	96⅜	96⅞	−0⅛	−0¼	6.45
Denmark 6½ 89	100	95⅞	96⅜	−0⅛	−0⅛	7.05
EIB 6 90	300	93¾	94¼	−0⅛	−1¼	6.77
EIB 6½ 91	200	96	96½	−0⅛	−0¼	6.97
Eurofima 6½ 89	100	98¼	98¾	−0⅛	−0⅛	6.71
Finland 6 83	150	99⅝	100⅛	+0¼	0	5.99
Hitachi Ship. 5¾ 83	50	99⅝	100⅛	−0⅛	−0⅛	5.78
IBJ 5 84	100	97	97½	−0⅞	−0⅛	5.66
Indonesia 7 84	100	97¾	98¼	−0½	−0⅛	7.43
Kobe, City of 5¾ 86	100	100⅝	101⅛	−0¼	+0⅛	5.62
Mitsubishi Petro. 5¾ 85	100	100⅛	100⅝	+0⅛	−0⅛	5.67
New Zealand 6¼ 87	200	99⅞	100⅜	0	+0¼	6.23
Nippon Steel 5¾ 85	100	99½	100	+0⅛	+0¼	5.81
Nippon Tel. & T. 6½ 87	100	96⅝	97⅛	−0⅛	−1	6.00
Nordic Inv. Bk. 6⅜ 88	60	97⅜	97⅞	−0⅛	−0⅛	6.69
Norges Komm. 6 90	100	95½	96¼	−0⅛	−0⅛	6.52
Norges Komm. 6¾ 89	150	97¼	97¾	−0½	−0¼	6.62
Norwegn. Ind. Bk. 6 90	125	95⅜	95⅞	−0½	−0⅛	6.58
Occidental 6¾ 90	150	96	96½	−0½	−0⅛	7.23
OKB 6½ 88	100	100⅜	100⅞	−0½	−0¼	6.41
Petroleo Brazil 7 88	100	98	98½	−0¼	−0¼	7.23
PK Banken 5¾ 88	100	92½	93	−0¼	−0⅛	6.85
Ricoh 5¾ 83	30	98¾	99¼	−0⅛	−0⅛	5.56
Statoil 6 88	150	94¾	95¼	−0⅛	−2⅛	6.72
UDS Group 5¾ 83	65	97	97½	−0⅞	−0⅛	6.48
Union Bank-Finn 6½ 88	50	95¼	95¾	−0½	−0½	7.15
Venezuela 6½ 90	150	93	93½	−0⅛	−0½	7.37
World Bank 6¼ 88	400	96⅞	97⅜	−0⅛	−0¼	6.65

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¾ 88	40	104½	105	+0⅛	−0⅛	4.61
Amer. Exp. Int. 3½ 93	40	101¼	101¾	−0⅛	−1½	3.37
Arlberg Tunnel 4 93	40	102	102½	+0½	0	3.79
Austria 3½ 93	100	99½	99¾	+0⅛	+0¼	3.53
Brazil 4¼	100	99⅝	100	+0⅛	+0⅛	4.26
Chase Manhattan 4 93	70	104½	105	+1	+0⅛	3.57
Council of Europe 4⅛	100	104	104½	+0⅞	+0⅛	3.80
Bankamerica 3¾ 93	80	102¼	102½	0	−0⅛	3.54
BNDE 5 88	75	102¼	102¾	−0⅛	−0⅞	4.68
Denmark 4½ 90	100	104¼	104¾	+0⅛	+0½	4.02
Denmark-Mortgage Bk.	80	104½	105	−0¼	−0⅛	3.96
EIB 4⅜ 93	100	103½	104	−0¼	+0¼	3.89
Euratom 4⅜ 93	80	†103¼	103¾	−0½	−0½	3.93
F. L. Smidth 4½ 89	25	103¼	103¾	+0⅛	+0⅛	4.09
Finland 4½ 93	80	102⅝	103	−0⅛	−0½	4.23
GZB 4½ 93	100	104⅝	105	−0⅛	+0½	4.05
ICI Fin. NV 4¼ 93	100	104	104½	+0⅞	+0½	3.86
Malaysia 4¾ 90	80	100	100¼	−0⅛	0	4.73
Manitoba 4 93	100	104	104½	−0⅛	−0⅛	3.61
Newsa 4 93	70	103¼	103½	+0⅛	−0⅛	3.69
New Zealand 3½ 94	120	99½	99¾	+0⅛	0	3.53
Norges Komm. 4¼ 90	100	105	105½	+0⅞	+0⅛	3.67
OKB 4 83	80	103½	104	+1	+0½	3.66
Oy Nokia 5 90	20	104½	104¾	+0¼	+0⅛	4.47
Sofe 4¼ 93	30	103½	104	−0½	0	3.90
Sandvik 4 90	85	102½	103	−0½	−1⅛	3.71
Seas 4½ 88	15	102½	103½	−1	−0⅞	4.10
Voest-Alpine 4½ 93	100	104½	105	+0⅛	+0⅛	4.06
Vorarlberg Kraft 4 93	30	104½	105	+0⅞	+0⅛	3.57
Vienna 4 93	100	102½	102¾	+0⅛	0	3.76
World Bank 4¼ 93	250	105	105½	+1⅛	+1¼	3.78

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5¾ 88	15	94½	95⅛	−0⅛	−0½	6.48
Australia 5.6 83	30	100¾	101¼	0	0	5.52
Australia 6½ 88	20	97¾	98¼	−0½	−0½	6.93
BFCE 6.4 90	30	94	95	−0½	−0½	7.24
Eurofima 6.3 90	10	94	95	−1	−0⅛	7.13
Finland 5.6 83	10	98⅛	99⅛	−0⅛	−0⅛	5.95
Finland 6.8 88	10	97⅛	98⅛	−0⅛	−0¼	7.27
Sweden 6.3 90	40	93⅝	94⅝	−0⅛	−0⅛	7.19

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ A$	12	94⅝	95⅝	−1¼	−1¼	12.93
Auto Cote B. 7 93 EUA	16	91½	92½	0	0	7.98
Copenhagen 7 93 EUA	30	91¼	92¼	−0⅛	−1	7.95
Komm. Inst. 7½ 93 EUA	15	97¼	98¼	+0⅛	+0⅛	7.75
Panama 8¾ 93 EUA	20	93¾	94½	−0⅛	−1⅛	9.01
SDR France 7 93 EUA	22	92	93¼	−0¼	+0⅛	7.87
Algemene Bk. 6¾ 83 Fl	75	94½	95¼	+0⅛	0	7.73
Brazil 7½ 83 Fl	75	94⅝	95⅜	+0⅛	+0⅛	8.91
CFE Mexico 7¼ 83 Fl	75	97½	98¼	+0⅛	+0¼	8.32
EIB 7¾ 85 Fl	75	95¾	96½	−0⅛	−0¼	8.09
Neder. Midd. 6½ 83 Fl	75	94¾	95½	+0⅛	+0⅛	7.97
New Zealand 6¾ 84 Fl	75	95¼	96	+0½	+0⅛	7.76
Norway 6½ 83 Fl	100	94¼	95	+0⅛	+0⅛	8.07
OKB 6½ 85 Fl	75	91	91¾	+0⅛	+0⅛	8.31
Elf Aquitaine 9¾ 88 FFr	150	99½	100	−0¼	−0¼	9.78
EIB 9¾ 88 FFr	200	99⅝	100⅛	−0⅛	−0⅛	9.75
PSA Peugeot 9¾ 87 FFr	175	100	100½	−0⅛	−0⅛	9.70
Unilever 10 85 FFr	100	101⅝	102⅜	0	0	9.57
BAT 8 88 LuxFr	250	97¼	98¼	+0⅛	+0⅛	8.36
Bayer Lux. 8 88 LuxFr	250	97⅜	98⅜	+0⅛	+0⅛	8.38
EIB 7¾ 88 LuxFr	250	96½	97½	+0⅛	+0⅛	8.21
Finland I. F. 8 88 LuxFr	250	96⅝	97⅝	−0¼	−0¼	8.45
Norway 7¾ 83 LuxFr	250	97¼	98¼	+0⅛	+0⅛	8.35
Norges Km. 8 86 LuxFr	500	98¾	99¾	−0½	−0½	8.13
Renault 7¾ 88 LuxFr	500	96½	97½	−0⅛	−0⅛	8.21
Solvay Fin. 8 85 LuxFr	500	100⅝	101⅝	0	0	7.77
Swedish Bk. 8 88 LuxFr	500	99	100	−0¼	−0¼	8.07

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bk. M6.5 83	0⅞	96	96½	31/7	11.44	11.88
BFG Fin. Co. M5.5 89	0¾	98⅛	98⅝	12/7	12.4	12.57
Bco. El Salvador M8 83	1¼	97⅝	98¼	12/4	11.31	11.56
Bco. Nac. Argnt. M8 83	0¾	99¼	99¾	21/7	12¼	12.31
Bank Handlowy M8 88	1¼	97¼	97¾	25/11	12.94	13.27
Bank of Tokyo M5½ 93	0¼	97¼	97¾	18/4	10½	10.78
Banque Worms M5¾ 85	0¼	98⅛	98⅝	15/6	12	12.20
Bq. E. d'Alg. M8.375 84	0¾	96¼	97	9/8	11⅞	12.29
Bq. E. d'Alg. M7.5 85	0⅝	95¼	95¾	2/5	12¾	13.35
Bq. Indo et Suez M5½	0¼	98⅝	99⅛	25/7	12	12.14
Bq. I. Af. Occ. M6.5 83	0¾	97⅜	97⅞	12/7	12.4	12.70
CCCE M5.25 98	0¼	97½	98	3/8	11¾	11.64
Ch. Man. O/S M5¾ 93	0⅛	97¾	98¼	27/7	11.73	11.95
Credit National M5¾ 88	0¼	98	98½	11/7	12.31	12.53
Gotabanken M6 88	0½	98¼	98¾	15/6	12.31	12.50
Ind. Bk. Japan M5½ 85	0¼	99½	100	1/6	12.35	12.38
Liubljanska M7.75 85	1	96⅞	97⅜	18/7	12.94	13.30
LTCB Japan M5¾ 85	0¼	99⅛	99⅝	9/5	12.06	12.14
Midland Intl. M5½ 93	0¼	98¼	98¾	20/7	12¼	12.44
Nat. West. M5½ 90	0¼	98⅝	99⅛	21/6	12½	12.64
Nino. Crdt. Bk. M5.5 85	0¼	100	100½	22/6	12.81	12.78
OKB M5¾ 88	0¼	100⅝	101⅛	18/4	10.56	10.47
Offshore Mining 86	0¼	98⅞	99⅜	19/7	12.19	12.30
Petro Mexicano 7¼ 84	0¼	98¼	98¾	24/7	12.06	12.25
Privredna Banka M8 88	0⅞	95¾	96¼	22/6	13.44	14.03
Standard Chrt. M5.5 90	0¼	97⅛	97⅝	10/2	8.94	9.18
Sundsvallsbnkn. M6 85	0¼	97⅛	97⅝	4/4	10.06	10.33

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¾ 93	9/78	628	102⅝	103⅛	−2	13.68
Baker Int. Fin. 5½ 93	1/79	34	102	103½	−0½	10.45
Boots 6¾ 93	2/79	2.16	89⅝	90⅝	+0⅛	−2.73
Coca-Cola Bottling 6¾	4/79	9	89⅝	90⅝	−1⅛	29.60
Ito-Yokado 5¾ 93	6/78	1473	116½	117½	−7¼	−7.49
Novo Industri 7 89	4/79	259	90¼	91⅛	−0⅛	7.10
Texas Int. Air. 7½ 93	4/79	14.5	89¼	90¼	−0¼	9.54
Thorn Int. Fin. 7 88	11/78	3.67	97⅜	98⅜	−0⅛	−0.30
Tyco Int. Fin. 8½ 88	9/78	21	99¼	100⅛	−0¼	23.07
Tyco Int. Fin. 5 84	5/78	61.5	75	77	−0⅛	174.94
Asahi Optical 3½ DM	12/78	588	92⅝	93⅛	+2½	−0.52
Casio Cp. 3½ 85 DM	11/78	841	95⅛	96⅛	−0⅛	−0.67
Izumiya 3½ 86 DM	10/78	989	90⅞	91⅞	−0½	−4.61
Jusco 3½ 86 DM	1/79	1270	91¼	92¼	−0¼	7.51
Kensai Elec. 4 84 DM	4/79	135	92¼	93¼	+0⅛	−90.13
Konishiroku 3½ 85 DM	1/79	612	92¾	93¾	+0⅛	1.83
Marudai Food 3½ DM	2/79	1033	91⅞	92⅞	−2⅛	4.11
Murata M. 3½ 86 DM	11/78	854	96⅝	97⅞	−1⅛	−6.01
Nipp. Air. 3.5 88 DM	12/78	508	87	88	−0⅞	−5.87
Nippon Shinpan 3¾ DM	8/78	738	99½	100½	−2	−5.16
Nippon Ysn. 3½ 85 DM	1/79	251	96½	96½	+1	−3.61
Nissan Diesl. 3½ 86 DM	2/79	477	91⅞	92⅞	+0⅛	2.34
Olymp. Opt. 3¾ 85 DM	2/79	703	98⅝	99⅝	+0⅛	−3.07
Ricoh 3½ 86 DM	10/78	617	95⅛	96⅛	−1⅛	8.59
Sanyo Electric 3½ DM	11/78	295	88⅞	89⅞	−3	−9.04
Seiyu Strs. 3¾ 86 DM	9/78	1275	107⅛	108⅛	−0⅛	−10.00
Sharp Cpn. 3½ 88 DM	2/79	487	93⅛	94⅛	−0⅛	−6.91
Stanley Elec. 3¾ DM	11/78	623	91	92	−1½	9.24
Tokyo Elec. 3½ 87 DM	4/79	476	91½	92½	−2⅛	−4.37
Trio-Knwd. 3½ 86 DM	11/78	711	86⅝	87⅝	−3½	10.56

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

All products share in 23% advance at Textron

BY STEWART FLEMING IN NEW YORK

TEXTRON, the aerospace, industrial and consumer goods conglomerate, announced a 23 per cent rise in net income for 1978, saying that all the company's product groups shared in the rise.

Sales for the company were 15 per cent higher at $3.2bn, while net income of $168m for 1978 reflected strong gains.

In the fourth quarter the company's net income increased from $39.3m to $45.3m while sales revenues rose to $907.4m from $716.3m.

Commenting on its large Iranian contracts, Textron said that the cost of the termination of the contract with the Government of Iran for the co-production of helicopters has not been fully determined. But it believed that the cost was fully covered by the advance payments made under the contract.

Canadian Pacific gains

BY ROBERT GIBBENS IN MONTREAL

THE CANADIAN PACIFIC Group, including the 52 per cent-owned Canadian Pacific Investments, the non-transportation arm, earned C$107m (U.S.$89.45m) or C$1.46 per share in the fourth quarter of 1978, against C$59.5m or 82 cents a year earlier.

The latest period includes a C$19.5m gain representing the parent company's share of the sale by CPI of a major block of Transcanada Pipelines stock.

For the full year, Canadian Pacific earned C$341m (U.S.$285m) or C$4.72 per share against C$247m or C$3.41 per share in 1977. The full year also includes a special C$23.8m gain on the pipeline stock sale.

A major proportion of the parent company's profits are derived from CPI and subsidiaries. CPI, in turn, had a strong year, particularly in its oil and gas subsidiary.

AMERICAN QUARTERLIES

AMF INCORPORATED	1978 $	1977 $
Fourth quarter		
Revenue	334.1m	302.6m
Net profits	8.28m	6.62m
Net per share	0.42	0.33
Year		
Revenue	1.32bn	1.22bn
Net profits	44.95m	39.37m
Net per share	2.26	1.99

COCA-COLA BOTTLING NY	1978 $	1977 $
Fourth quarter		
Revenue	115.9m	76.0m
Net profits	3.28m	2.24m
Net per share	0.15	0.13
Year		
Revenue	425.1m	315.3m
Net profits	14.23m	12.3m
Net per share	0.74	0.70

COLUMBIA PICTURES	1978 $	1977 $
Second quarter		
Revenue	147.1m	131.1m
Net profits	6.87m	20.7m
Net per share	0.71	2.22
Six months		
Revenue	281.1m	247.9m
Net profits	18.06m	29.44m
Net per share	1.86	3.18

CROUSE-HINDS	1978 $	1977 $
Fourth quarter		
Revenue	88.4m	80.3m
Net profits	7.79m	5.81m
Net per share	0.93	0.70
Year		
Revenue	324.2m	290.3m
Net profits	21.06m	18.62m
Net per share	2.50	2.22

DICTAPHONE	1978 $	1977 $
Fourth quarter		
Revenue	66.6m	55.5m
Net profits	2.98m	2.15m
Net per share	0.70	0.52
Year		
Revenue	243.8m	211.6m
Net profits	11.6m	5.53m
Net per share	2.75	1.35

HERSHEY FOODS	1978 $	1977 $
Fourth quarter		
Revenue	223.8m	196.5m
Net profits	13.34m	14.21m
Net per share	0.97	1.03
Year		
Revenue	767.9m	671.2m
Net profits	41.48m	41.33m
Net per share	3.02	3.01

LUCKY STORES	1978 $	1977 $
Fourth quarter		
Revenue	1.33bn	1.16bn
Net profits	30.44m	25.42m
Net per share	0.81	0.61
Year		
Revenue	4.66bn	4.03bn
Net profits	80.4m	66.48m
Net per share	1.64	1.34

IOWA BEEF PROCESSORS	1978 $	1977 $
First quarter		
Revenue	909.0m	547.7m
Net profits	11.53m	5.25m
Net per share	2.31	1.09

MOLSON COMPANIES	1978 $	1977 $
Third quarter		
Revenue	316.0m	242.0m
Net profits	10.4m	7.8m
Net per share	0.77	0.57
Nine months		
Revenue	832.0m	758.0m
Net profits	40.7m	28.5m
Net per share	2.97	2.08

NATIONAL GYPSUM	1978 $	1977 $
Fourth quarter		
Revenue	234.7m	198.9m
Net profits	12.0m	9.34m
Net per share	0.73	0.57
Year		
Revenue	906.3m	748.3m
Net profits	58.27m	36.72m
Net per share	3.56	2.25

PERKIN-ELMER	1978 $	1977 $
Second quarter		
Revenue	176.9m	137.2m
Net profits	12.05m	8.18m
Net per share	0.61	0.41
Six months		
Revenue	329.2m	252.8m
Net profits	21.62m	12.79m
Net per share	1.09	0.65

REDPATH INDUSTRIES	1978 $	1977 $
First quarter		
Revenue	75.3m	69.2m
Net profits	869,000	1.9m
Net per share	0.27	0.60

JOS SCHLITZ BREWING	1978 $	1977 $
Fourth quarter		
Revenue	225.5m	226.3m
Net loss	1.23m	4.82m
Net loss per share	0.04	0.17
Year		
Revenue	1.08bn	1.13bn
Net profits	11.96m	19.77m
Net per share	0.41	0.68

STERLING DRUG	1978 $	1977 $
Fourth quarter		
Revenue	338.8m	302.0m
Net profits	23.12m	21.1m
Net per share	0.38	0.35
Year		
Revenue	1.31bn	1.18bn
Net profits	94.68m	85.83m
Net per share	1.57	1.43

TESORO PETROLEUM	1978 $	1977 $
First quarter		
Revenue	323.1m	310.4m
Net profits	10.7m	10.8m
Net per share	0.67	0.68

TEXTRON	1978 $	1977 $
Fourth quarter		
Revenue	907.4m	716.3m
Net profits	45.3m	39.4m
Net per share	1.20	1.05
Year		
Revenue	3.23bn	2.8bn
Net profits	168.1m	136.9m
Net per share	4.47	3.65

TRANSCO COMPANIES	1978 $	1977 $
Fourth quarter		
Revenue	288.4m	211.6m
Net profits	14.63m	10.17m
Net per share	0.64	0.45
Year		
Revenue	974.9m	782.6m
Net profits	69.54m	64.2m
Net per share	2.61	2.84

UTD. ENERGY RESOURCES	1978 $	1977 $
Fourth quarter		
Revenue	506.7m	415.6m
Net profits	16.95m	15.26m
Net per share	1.43	1.29
Year		
Revenue	2.0bn	1.68bn
Net profits	82.39m	74.02m
Net per share	6.96	6.26

UNITED MERCHANTS	1978 $	1977 $
Second quarter		
Revenue	175.0m	153.5m
Net profits	4.1m	5.26m
Net per share	0.69	0.89
Six months		
Revenue	324.2m	296.9m
Net profits	7.02m	5.55m
Net per share	1.18	0.94

Steel finance move in Portugal

By Jimmy Burns in Lisbon

DR. ABDUL VAKIL, a leading manager at the Bank of Portugal, has joined the board of Siderugia Nacional, Portugal's nationalised steel company.

Dr. Vakil is well-known to international bankers as the chief negotiator of foreign loans to Portugal in his capacity as head of the department for the co-ordination of foreign finance at the Bank.

He is expected to apply his skills over the next few months to the delicate task of securing external finance for the national steel plan. The project, drafted by Siderugia's managing director Sr. Bayao Horta and accepted in principle by both the Portuguese Government and the EEC, envisages a $700m investment in the country's existing steel plant at Seixal, near Lisbon.

Differences as to how the scheme should be financed have delayed until now a firmer decision from the government on the national steel plan. The draft estimates that about 10 per cent of the investment at Seixal would be covered by direct foreign loans, but this share might have to be increased given present restrictions on domestic borrowing.

Dr. Vakil, nicknamed by foreign bankers as "Abdul the Spread" on account of his ability to secure good credit terms, led the first major operations in the international financial market made directly by the Republic of Portugal last year, securing $450m worth of loans on the Euromarket.

He had ben recently involved in the negotiations of a $100m loan to the Caixa Geral de Depositos, Portugal's main credit institution.

Turnaround at Pierrel

MILAN — Pierrel Spa posted net profits of L1.7bn ($2m) for 1978, a turnaround from a L7bn loss suffered the previous year.

Pierrel, the pharmaceutical company, also forecast a L3.5bn profit this year, with consolidated sales rising to L80bn from L63bn in 1978.

The company's positive results in 1978 were attributed to cost-cutting and in financial burdens. Pierrel's short-term indebtedness was, in fact, reduced to L11.3bn by the end of 1978

AP-DJ

Setback for French trader in Africa and Asia

BY DAVID WHITE IN PARIS

THE HEYDAY of the big French trading companies operating in Africa and Asia appears to be over. Fears expressed last year about the effects of slower growth in world trade and poor results from African subsidiaries have been fulfilled in the results of the leading concern in the field, SCOA.

In its first setback for over a decade, the former Societe Commerciale de l'Ouest Africaine announced a sharply lower expansion rate and a consolidated loss of FFr 24.7m ($5.8m) in the financial year which ended on September 30. The loss came after a FFr 70.4m net profit the year before.

At parent company level, net earnings were pared down from FFr 50.8m to FFr 7.1m, and the board has proposed a net dividend cut by more than half from FFr 5.40 to FFr 2.50—the statutory minimum.

SCOA chairman, M. Georges Nesterenko said that the group's activity had expanded by 10 per cent, after establishing an average annual growth rate of 25 per cent over the previous four years. Group sales totalled FFr 5.75bn.

Results suffered from currency fluctuations, the cost of closing down some activities and "various adaptations measures." M. Nesterenko blamed the turnround on "the brutal change in the economic climate from spring onwards in the main countries where we are active."

Although SCOA is less reliant on traditional African links than the other leading trading concern CFAO, it was severely affected by developments in Nigeria, Gabon and to a lesser extent the Ivory Coast—and by fierce Japanese competition in African markets.

Although it is pinning hopes on China to lift its Far East business, SCOA's activities in Europe and Asia have so far not been able to compensate for its African problems — for instance, a decline in capital goods sales to countries like the Ivory Coast which have been subject to stabilisation policies.

M. Nesterenko said that it would take another two years before adaptation measures bore fruit. The group would have to revise its investment plans downwards, but remained confident about the future.

SCOA controls a combination of industrial and commercial activities, about 50 per cent in Africa. Its industrial interests are mainly food products, perfumes, timber and hosiery. Apart from a big French-based trading operation, it has over 400 supermarkets in Africa and acts as agent for motor manufacturers — marketing, for instance, Peugeot's production from its factory at Kano, Nigeria.

CGE's turnover climbs by 10%

By Our Paris Staff

COMPAGNIE Generale d'Electricite, one of the two biggest concerns in France's electrical industry, reports a 10.1 per cent growth in group turnover last year to FFr 36bn ($8.5bn).

Leaving aside minority interests, sales reached FFr 20.6bn, an increase of 12.5 per cent—closer to the 13 per cent growth rate which CGE predicted at the time of a rights issue last year.

However, the increases partly reflect changes in the group's structure. Without them, the overall increase was calculated at 8.8 per cent and that of companies under majority control 8.5 per cent.

The only major sector to suffer a drop in sales was CGE's cable division, which showed a 5.5 per cent decline.

Turnover of the affiliated companies—notably the heavy electrical, locomotive and shipbuilding group Alsthom-Atlantique and the Franco-U.S. computer concern CII-Honwell-Bull—rose 7.1 per cent to FFr 15.4bn.

CGE said at the end of last year its profits would be at least as high as 1977's group result of FFr 390m. It planned to maintain its dividend at 21 francs and pay out an extra FFr 1.60 a share for the 1976 financial year in order to compensate for dividend controls in force at the time.

Strong last quarter helps Jaz

BY TERRY DODSWORTH IN PARIS

JAZ, the French clock and watch-making group, which has become central to the Government-backed reorganisation of the industry, improved sales by 14 per cent last year to FFr 215m ($50m).

The group reports a particularly strong last quarter on the French market, with watch sales up by 29 per cent. Overseas sales value declined despite greater volume turnover.

The Framelec subsidiary, in which the effort to construct a French electronic watches industry is being concentrated, increased sales by 29 per cent from FFr 75.8m to FFr 97.8m. This arm of the group, made up from the former Finhor and Cupillard-Rieme businesses, is 34 per cent owned by Jaz, while another third of its shares are held by the SDI, the publicly-aided organisation for restructuring the industry.

In its statement, Jaz says its policy of vertical integration in watchmaking is going well, and that the move into quartz automatic alarm clocks is now under way.

Better batteries bad for Varta sales

BY GUY HAWTIN IN FRANKFURT

VARTA, West Germany's largest battery manufacturer, is relatively pleased with 1978 profits. Despite rising costs and only a minimal increase in sales, earnings remained at about the 1977 level, said yesterday's preliminary report.

Last year was the first business year since the old Varta group was reorganised by Quandt Concern, the majority shareholder. The company, Varta AG, controls the former Varta group's battery and plastics operations and the group's other interests are now run as separate companies.

Sales last year totalled just under DM 1.21bn ($652.5m) compared with DM 1.2bn in 1977. Of this, international operations accounted for sales of DM 655m—54 per cent of total turnover compared with 1977's 53 per cent.

The West German-based operations reported that sales stagnated at DM 776m. However, while domestic sales remained flat, exports rose 6 per cent to DM 224m and exports as a proportion of total sales out of West Germany increased from 1977's 27.3 per cent to 29 per cent.

Behind this rather uninspiring sales performance lay the continued increase in the Deutsche-mark's value against the world's other leading currencies. This not only made competition tougher, but also disguised to a considerable degree the performance of Varta's overseas subsidiaries. At the same time the European market for replacement starter batteries remained weak, the report said.

A breakdown of the operational sectors shows that the small plastics operation did very well with sales up 18 per cent to DM 24m. The big business—starter batteries for motor vehicles—fared poorly with sales down 1.5 per cent to DM 580m.

In the starter battery sector the problem was really the West German market where sales fell 5.4 per cent to DM 316m. Here the trouble was that the product, technically, has been greatly improved and is much longer lasting. Although demand from the motor industry remained high last year, replacement sales were down considerably—not only because the motorist is getting a longer life out of the original battery, but also because they last far longer on the dealer's shelves.

Sales in the industrial battery sector were up 2.5 per cent to DM 273m, with most of the growth coming from the domestic market where sales increased 4.3 per cent to DM 185m. Most of the growth came in the second half and two newly developed batteries provided much of the growth impetus.

Batteries for electrical equipment saw sales rise by 5.3 per cent to DM 310m. Again they were led by the domestic market where sales rose 7 per cent to DM 232m.

Capital investment, said the report, went according to plan, totalling DM 60m. Two-thirds of the cash was invested in the concern's West German plants.

Migros cash flow declines

By Our Zurich Correspondent

GROUP TURNOVER of Migros the Swiss co-operative rose by 3.4 per cent last year from SwFrs 7.23bn to SwFrs 7.48bn ($4.5bn). Migros, the country's biggest trading organisation, recorded a 4 per cent decline in cash flow to SwFrs 380.7m, but this continued to cover investments, which in 1978 were down to SwFrs 347m.

Of the overall turnover, SwFrs 6.44bn ($3.87bn) — or 2.7 per cent more than in 1977 —came from sales of Migros's retail outlets. The wholesale value of the group's own production units rose by 5.6 per cent to SwFr 1.46bn and thus represented about one-quarter of branch sales.

Among major non-retail operations were Hotelplan, the internationally-active travel agency concern, whose turnover rose 8.4 per cent to SwFrs 372.7m ($224.5m) and the filling-station chain Migrol, with sales up 6.9 per cent to SwFrs 361.6m ($217.8m).

Acquisitions boost SIP

By Our Zurich Correspondent

TURNOVER OF companies controlled by the Basle-based holding company. Societe Internationale Pirelli SA, rose from SwFr 2.61bn to SwFr 2.96bn ($1.6bn) last year, after an 8 per cent expansion in sales volume. Growth is attributed partially to new acquisitions during 1978.

Earnings of subsidiaries and of the Dunlop group companies in which the Swiss holding concern participates were described as satisfactory last year and correspond to what had been anticipated, a company statement said. However, the rise in the Swiss franc exchange rate adversely affected the overall profit in terms of this currency.

Bank Leu earnings rise despite narrower margins

BY JOHN WICKS IN ZURICH

NET PROFITS of Bank Leu, Zurich, the fifth of Switzerland's Big Five commercial banks, rose from SwFr 15.2m to SwFr 16.9m ($10.2m) last year in what the bank said was a continuation of its gratifying development. After this 11.2 per cent improvement in earnings, achieved despite the narrowing in interest margins, the Board is to recommend distribution for 1978 of an unchanged dividend of SwFr 80 per share and SwFr 16 per participation certificate, a rate equal to 16 per cent in either case. Sums of SwFr 1m and SwFr 4m will be transferred to statutory and other reserves respectively.

Bank Leu's balance-sheet total expanded by 14.4 per cent last year to SwFr 4.01bn ($2.4bn). This means a doubling of assets in less than five years. Among liabilities, customers' accounts rose by SwFr 319m over the year and the due-to-banks total by SwFr 120m. A share of SwFr 219m of new funds was lent out to clients and SwFr 96m deposited with banks, while commercial credit business jumped from SwFr 101m to SwFr 180m and mortgage investments increased by SwFr 39m. In the profit-and-loss account, 58 per cent of income came from interest received, 12.6 per cent from commissions, 11.7 per cent from securities and 10 per cent from earnings on foreign-exchange and precious-metal business.

Leu intends to take further steps to expand foreign operations. Of particular interest is the activity of Bank Leu International in the Bahamas, with a balance sheet of some SwFr 100m and about to pay an initial 5 per cent dividend for last year. The bank is also a participant in the Europartner Securities consortium in New York. In Switzerland itself, negotiations are understood to be in progress with other banks with a view to future co-operation.

Court proceedings on Chiasso affair set for May

COURT proceedings in connection with the Chiasso affair involving a branch of Credit Suisse are to begin on May 21 in Mendrisio, according to Dr. Plinio Rotalini, the president of the Criminal Court of the Swiss Canton Ticino.

Defendants are the former managers of the bank's Chiasso branch, Ernst Kuhrmeier, and Claudio Laffranchi, and the three company lawyers who acted as administrators of the Liechtenstein holding company, Texon - Finanzanstalt — Elbio Gada, Alfredo Noseda and Alessandro Villa.

Charges preferred include those of continued disloyal management, continued issuing of false documents and contraventions of the Federal banking laws and Government monetary regulations. Proceedings against Meinrad Perler, a third former manager of Credit Suisse's Chiasso branch, in respect of lesser allegations and "of further persons" are to be handled separately.

In the Chiasso scandal, a total of SwFr 2.2bn of fiduciary funds owned by clients of the branch were improperly channelled to the Texon letter-box company registered in Liechtenstein but operating in Chiasso itself.

Recovery in sales at Montedison

By Paul Betts in Rome

THE CURRENT recovery of the Italian chemical industry was confirmed yesterday by figures released by the Milan chemical conglomerate, montedison, showing a 14 per cent increase in the turnover of Italy's largest chemical group, and a 20 per cent increase in the sales revenue of the parent company, last month.

Montedison's group turnover last month totalled L554bn ($663m)

The Milan group's overall turnover last year totalled L6,656bn ($8bn). The recovery, according to the company, involved mainly plastics, agricultural products, petrochemicals, products for industry and dyes among other items.

Revenue up but Air Malta's earnings fall

By Godfrey Grima in Valetta

AIR MALTA'S taxed profits fell to M£330,000 ($880,000) last year from M£422,000 in 1977 despite a substantial increase in revenue.

This was revealed by Mr. Malbert Mizzi, Air Malta's chairman who explained that, despite the fall in taxed profits, the company last year continued to expand its activities, enhance its role as a foreign exchange earner and create more jobs.

Mr. Mizzi said that Air Malta last year carried more passengers and freight than it did in 1977 while its total revenue climbed from M£8.8m to M£11.6m ($28.8m). Yet costs also increased considerably with fuel absorbing 23.6 per cent of Air Malta's total expenditure and wages another 17.9 per cent. Mr. Mizzi said that eventually the price of fuel would determine the pace at which the modernisation of the company's fleet will proceed.

Last year the company was left with a net profit of M£478,000 ($1.27m) compared to M£630,000.

In the four years it has been operating Air Malta profits have accrued to M£880,000.

The Air Malta fleet includes five Boeing 720Bs bought from Pakistan International Airlines, which holds a 20 per cent investment in Air Malta, and another two acquired from Western Airlines.

Norsk Hydro aluminium expansion

BY FAY GJESTER IN NORWAY

NORSK HYDRO, the Norwegian metals, chemicals and energy concern, is seeking Government authorisation to expand production of primary aluminium at its plant in Karmoy, West Norway, by 47,000 tonnes to 157,000 tonnes annually, at an estimated cost of NKr 700m ($140m). The additional capacity would take about two years to build.

When the existing plant was built, in the mid-1960s, provision was made for a subsequent doubling of capacity. Without these preliminary investments, Norway's present high cost level would have made the planned expansion uneconomic, Norsk Hydro points out.

The world market is favourable for an expansion of the Karmoy smelter just now, Hydro believes. It says that capacity utilisation in the world aluminium industry is now relatively good, compared with most other basic industries.

The Karmoy plant is at present Norsk Hydro's second largest production location, with a total labour force of 1,300. About 700 are employed in primary aluminium production and the rest in semi-fabricating

Interest rates up in Australia

BY JAMES FORTH IN SYDNEY

THE AUSTRALIAN Government has won a battle with the states over an increase in official interest rates. The states backed down over the weekend, after opposition to increases, had forced the Federal Government to delay announcing the terms of its February loan. As a result, the Federal Government has gone ahead with proposals to move the long-term bond rate up from 8.8 per cent to 9 per cent.

This is the first change in the trend of interest rates since September 1977, when the long term bond—the benchmark for interest rates generally—was 10.5 per cent. The move was described by Mr. Malcolm Fraser, the Prime Minister, as a "pause" in the Government's objective of lowering interest rates.

In fact, the move was an admission that the Government erred in pushing rates down from 9 per cent to 8.8 per cent last November. The market never accepted the official rates, and bond deals continued to go through on the market at about 9 per cent.

While the states yielded to Canberra on interest rates they managed to gain concessions on other fronts. The Federal Government agreed to defer introducing a "tap" system for bonds in place of the current method, whereby loans are made at regular specified intervals, for indeterminate amounts, with rates and maturities set by the Loan Council (a body representing the Commonwealth and the states).

A tap system for bonds would reduce the ability of the states to influence rates. The Federal Government also deferred for the moment the introduction of a tender system for its short-term Treasury notes to replace the present tap system.

Mr. John Howard, the Treasurer, said that the Government had decided to increase rates because of recent rises in overseas interest rates and the decision by the Arbitration Commission to award a 4 per cent national wage increase. He said that the decision did not amount to an abandonment of the Government's policy of creating conditions in which interest rates could fall.

Improved second half lifts Alcan Australia

BY OUR SYDNEY CORRESPONDENT

ALCAN AUSTRALIA, the aluminium group, lifted earnings 28 per cent, from A$6.27m to A$8.05m (U.S.$ 9.1m) in 1978, in line with buoyant results reported by other aluminium companies. The increase was achieved on a 17 per cent gain in turnover, from A$93m to A$109m (U.S.$ 124m).

The directors said that there was a much better result for the second half of 1978 compared with the same period of 1977, when profitability was under considerable pressure. Trading conditions generally in the aluminium industry continued to be difficult and market growth was negligible.

Construction work on a smelter expansion progamme began in 1978, and is due to be completed this year. The outlook for the current year is described as most encouraging. The dividend is raised from 7 cents a share to 8 cents and is covered by earnings of 23 cents, compared with 18.4 cents in 1977.

* * *

PRE-TAX PROFITS at Alcom, the Malaysian associate company of Alcan of Canada, suffered a setback last year, declining from 2.9m ringgit to 1.1m ringgit (U.S.$500,000), as a result of sporadic labour disputes which considerably slowed down production.

These, in turn, caused delay in deliveries, resulting in the company losing part of the profitable market in Malaysia and Singapore to its competitors.

Sales fell by 11 per cent from 8,515 tons to 7,613 tons, while revenue fell marginally to 35.9m ringgit.

Mr. Donald Crilly, Alcom's managing director, said that the company's labour problems were now resolved, and it was looking forward to a record first quarter.

The company expects to instal its new extrusion press in July which would double its extrusion capacity to 8,800 tons a year. It is also planning a substantial expansion of its sheet rolling mill which produces 6,500 tons of sheet products.

A final dividend of 4 per cent is declared, bringing the year's total to 10 per cent—the same as in the previous year.

Alcan of Canada holds 34.5 per cent of Alcom, while the remaining equity is held by Malaysians and Singaporeans.

United Mizrahi moves ahead

By L. Daniel in Tel Aviv

OPERATING PROFITS of United Mizrahi Bank—Israel's fourth largest bank—and its subsidiaries rose by 67 per cent before tax to I£307m ($17.5m) in 1978, while after-tax profit increased by 40 per cent to I£98m. The bank is paying an unchanged cash dividend of 15 per cent, together with bonus shares at the rate of 25 per cent, compared with 20 per cent in 1977.

The bank reports a 96 per cent growth in its consolidated balance sheet to I£23.6bn ($1.3bn) at end 1978, compared with 1977. In real terms, however, the growth was of the order of 44 per cent, taking into account the 46 per cent inflation between November 1977 and November 1978, and the weighted average of the devaluation of the Israeli pound against the dollar by 23.5 per cent. The foreign currency element in the balance sheet in 1978 reached 47 per cent, against 40 per cent in 1977.

United's capital means reached I£863m at end 1977—an increase of 108 per cent. Noteworthy is the 91 per cent growth in deposits to I£6.8bn, with most of the increase in current or time deposits in foreign currency. Current

Israel Union Bank growth

By Our Tel Aviv Correspondent

ISRAEL UNION BANK—a medium-sized bank here, and a member of the Bank Leumi group, and traditionally the main instrument for financing the diamond trade—raised its balance sheet's total to I£23.3bn ($1.3bn) at December 31, to show an increase of 68 per cent on 1977.

The bank's capital funds reached I£519m, representing a rise of I£227m, of which I£155.6m was raised last June by the issue of shares, capital notes and options. Its paid-up capital increased by 116.5 per cent.

Pre-tax profit from current operations rose by 88 per cent in 1978 to I£229.7m, and after-tax profit by 75 per cent to I£70.7m ($4m).

The bank intends to pay an unchanged cash dividend of 16.5 per cent (including the 5.5 per cent interim paid in October), and an additional distribution of bonus shares for 1978 at the rate of 12.5 per cent (additional to the 20 per cent bonus shares distributed in October). Thus the total of bonus shares for 1978 will be 35 per cent (33.5 per cent in 1977).

SANYO ELECTRIC

Growing up in the shadow of a giant

BY RICHARD C. HANSON IN TOKYO

SANYO ELECTRIC, the Japanese maker of electric appliances, has grown up in the shadow of the world's largest maker of home appliances—Matsushita Electric Industrial—in the industrial city of Moriguchi, near Osaka. The company, founded just after the war by Mr. Toshio Iue, the brother-in-law of Mr. Konnosuke Matsushita, Matsushita's founder, has grown from being a maker of bicycle lamps to become Japan's fourth largest overseas investor

SANYO ELECTRIC COMPANY, based in the drab industrial city of Moriguchi, near Osaka, has become one of the heaviest investors in overseas production facilities among Japanese companies—number four to be precise. The reason for this is that Sanyo is also Japan's tenth largest exporter, and exporting has become a difficult business.

Despite these rankings, Sanyo has carried a less well known brand name overseas than other major Japanese companies, except in Asia where most of its investments have so far been. This results in part from its siting, literally, vis-a-vis the world's largest home appliance maker, Matsushita Electric Industrial. Sanyo, in fact, was founded near the Matsushita base by the brother-in-law of Konnosuke Matsushita, the semi-retired creator of MEI.

Sanyo's late president, Mr. Toshio Iue, left his position as right-hand man to Konnosuke after the war, in 1947.

MEI remained as a Zaibatsu, or industrial conglomerate, and the energetic Mr. Iue—with the help of unsecured loans from Sumitomo Bank—launched an independent venture making bicycle lamps, which initially were sold through MEI outlets. The name he chose in Chinese characters means "Three Oceans," which was appropriate in the light of Sanyo's later development around the world.

The Sanyo group has invested nearly $200m in overseas production facilities during the past *two years, $80m in a plant near* San Diego, California, to build audio equipment and small refrigerators. It has, from this year, stopped exports of colour television sets from Japan to the huge American market and switched production for the U.S. to its Arkansas State plant, acquired from Warwick, the U.S. company, several years ago.

Altogether, it has 26 overseas plants (the first in Hong Kong in 1961), more than any other electronics maker except Matsushita which has 39. The value of the products it produces overseas has risen spectacularly since 1972, from $71.4m in that year to $885m in 1978. Another 20 per cent increase is projected for this year.

The need to switch from exports, particularly to the U.S., to local production has been heightened by the appreciation of the yen and by growing tendencies for countries to throw up import barriers. For Sanyo this has meant that exports accounted for 37.1 per cent of all sales in 1978, down from 40 per cent in 1977. The overseas production/sales share when calculated in yen showed little change, at about 21.4 per cent, but accounted for about one third when thought of in dollar terms.

Meanwhile, Sanyo is hoping to improve its business with mainland China. The Sanyo parent and Tokyo Sanyo, a subsidiary specialising in refrigeration, are negotiating a joint venture with the Chinese to export refrigeration production facilities. There are still many details to be worked out, however, including the issues of payment and how the foreigners' capital stake in a Chinese venture would be recognised.

Sanyo's Hong Kong subsidiary has entered discussions on a deal to assemble radios in China. The radios would then be sold in Hong Kong to overseas Chinese visiting relatives in China and it is hoped, to Chinese travelling to Hong Kong among whom radios are a popular souvenir.

Sanyo is also in the running for the contract to export a television assembly plant along with Hitachi and Matsushita.

The strategy for the future is to base its sales on one-third domestic, one-third exports and the rest from expanding overseas operations. In the European Community, Sanyo produces colour televisions in Italy for sales there. It says that it would be willing to locate a television plant in the UK if an appropriate partner could be found.

The outlook for Sanyo sales is for about a 3 per cent increase in 1979 (excluding most of the overseas production). In the year to November for the parent company only, sales were off 0.1 per cent to Y527.6bn ($2.7bn) while net profit gained 3.8 per cent to Y11.4bn ($57.8m). The biggest drag on sales lay in exports which fell 11.6 per cent. Exports for the parent only were 44.9 per cent of the total last year, with domestic sales taking up 55.1 per cent, again and export share of 50.3 per cent and domestic sale share of 49.7 per cent the year before.

Sanyo has the largest capacity for television production in Japan, behind Matsushita, with facilities to produce about 2m sets a year. The problem here is that the domestic demand for new television sets has levelled off, after falling sharply from a peak in 1972-73. The saturation of the Japanese market for colour television sets has reached 98 per cent of all homes, with more than 30 per cent of those already owning two sets.

The domestic television market is suffering from longer repurchase cycles among consumers. There is hope that television sales will be enhanced by the introduction last year of Multiplex broadcasting (multiband sound broadcasts including stereo and foreign languages) but this so far is limited to Tokyo and Osaka. The broadcasters are unwilling to increase Multiplex programmes until more Multiplex adaptors and television sets are sold. The consumer, on the other hand, appears to be waiting for more such broadcasts before buying the adaptors.

The results of home video tape recorder sales in Japan have also been less than was hoped. Although the still expensive home video units have gained a foothold faster than colour TVs did two decades ago, the market penetration is still around 3 per cent to 4 per cent. It will take some time to increased that to a desired 10 per cent level. Sanyo chose to follow the Betamax system made by Sony which has done much less well than the Matsushita video system.

Fortunately, Sanyo has strengthened itself financially, reducing debt from the 1975 peak of Y62.8bn to Y57.55bn in 1978. And it has raised funds successfully through convertible bond issues overseas in Europe since 1975—these funds helping its expansion around the world.

Nippon Meat to raise $45m by overseas issue

BY TERRY OGG

ONE OF Japan's largest fresh and processed meat distributors, Nippon Meat Packers, plans to raise about $45m through a share issue to UK and continental investors.

It is the second time in just over two years that the company has approached overseas markets for equity funds and the eighth share issue made in less than five years. In that period net sales have risen by about 80 per cent to $1.12bn, and net income has more than doubled to $24.7m.

The issue of 12m common stock shares, represented by Continental Depositary Receipts (CDR) comes at an interesting time. The Tokyo Stock Exchange index peaked at 462.97 on January 31, and since then has dropped by about 3 per cent.

Some question marks also overhang the future of Japanese convertible issues. Last week Honda Motor cancelled its proposed D-mark convertible while other recent D-mark convertible issues, which started trading recently, have moved into heavy discount.

The proceeds of the issue have been earmarked by the company for capital expenditure in its current fiscal year on the expansion and modernisation of production facilities, the expansion of sales networks and the build up of the transport fleet.

Mr. Yoshinori Okoso, the president, said in London recently that while it is difficult to forecast performance in detail for the year ending July, 1979, steady growth in business can be attained.

"The meat packing industry has grown with the improvement of eating habits of the Japanese people," he said. "However, if the economic growth rate stabilises within the range of 5 per cent to 7 per cent it will be difficult for the industry to continue to record double digit growth.

"On an overall basis I am confident that the meat packing industry will mark a stable growth slightly higher than that of GNP in the future."

The company was founded in 1948 by Mr. Okoso, and in 1963 merged with the Torise Ham Company. At the time of the merger, the companies were third and fourth largest meat processors, in terms of turnover, in Japan. The company currently operates 20 plants and 166 sales offices throughout Japan.

Its principal products are fresh pork, beef, and chicken plus processed ham, press ham and sausage. It also operates 18 restaurants in seven Japanese cities which specialise in pork and beef dishes.

In the three years to July 31, 1978, the company has made total capital investments of $77.4m. The bulk of this has been used for the construction, expansion and modernisation of its production facilities with some funds going into new vehicles and the expansion of sales facilities. Planned capital expenditure in the year to July 31, 1979 is $45.5m.

The expenditure programme is expected to continue into 1979-80, and to fund this the company will draw upon internally generated cash, and additional bank borrowings.

Consolidated net sales rose by 4.9 per cent to $1.12bn in 1977-78 with processed meat sales jumping ahead by 12.9 per cent and sales of fresh meat stationary due to sluggish market conditions. Selling and general expenses continued to increase as a percentage of sales due primarily to the establishment of additional sales subsidiaries, but this was more than offset by higher sales of products with better profit margins plus a drop in interest costs.

The company has said that sales in the first half of its current year will not be less than last year's figure of $513.3m and the interim non-consolidated net income will not be less than the comparative figure for the first half of last year ($12.2m).

The exact terms of the issue have not yet been announced but are expected before the end of February. Applications have been made to list the shares in the form of CDRs on the Luxembourg Stock Exchange.

The wayward ways of the money supply

BY STEWART FLEMING, New York Correspondent

THE MUCH maligned weekly statistics from the Federal Reserve Board on the U.S. money supply are being treated with more scepticism by economists than at any time during the past three years.

During the past three months the two most common measures of the money supply, M1, which comprises currency in circulation and demand deposit accounts at commercial banks, and M2 which takes in savings accounts at commercial banks, have been more or less stagnating.

Over this period M1 has been shrinking at an annual rate of just over 2 per cent to stand currently at \$357bn and M2 has been increasing at an annual rate of only 2 per cent and now stands at \$874bn. In each case the trends contrast sharply with the 7.3 per cent and 8.5 per cent rates of increase for 1978 as a whole.

The abrupt change of direction has bemused economists who use the statistics to help them judge how the economy is performing. Some, including Federal Reserve Board officials, have suggested that the slowdown indicates that the central bank's moves to push up interest rates in November of last year are beginning to have an impact on the growth of the money supply and should therefore help the fight against inflation. Unfortunately this optimistic interpretation of what is going on is being greeted by many economists with scepticism at best and in some cases with incredulity.

Many economists consider the figures to be inconsistent with the underlying strength of the economy and of inflation. They argue that if the figures are right then the economy has not been producing enough money to sustain the nominal growth rate of around 15 per cent in the final quarter of 1978 or the 10 per cent plus nominal growth rate expected early in 1979.

Monetary base

Since they do not believe the economy is slowing sharply, something, they say, must be wrong with the data. To support this contention they are pointing to yet another measure, the monetary base. It comprises bank reserves and currency, and is the raw material on which new money supply expansion can be built. It has continued to grow by around 10 per cent as it did in 1978.

So the search is on for explanations of why the money supply data appears to be giving such confusing signals—signals which could lead to mistaken policy decisions.

One broad generalisation which Mr. Lief Olsen, who heads Citibank's economics department, has come to is that distortions in the financial markets partly reflecting high interest rates are partly responsible. These distortions can result from new ways of transferring or handling money which are not reflected in the statistics on money supply as now collected.

Mr. Lacy Hunt, an economist at Fidelity Bank in Philadelphia and Mr. Lawrence Roos, President of the Federal Reserve Bank of St. Louis, have suggested that what are called "repurchase agreements" are distorting monetary data. By these agreements commercial banks obtain overnight funds by selling to commercial customers securities which they agree to buy back at a slightly higher price, the difference giving the customer a return on his money.

These funds which go into the banks do not figure in any of the money supply statistics according to Professor Alan Meltzer, a leading monetary economist at Carnegie-Mellon University in Pittsburgh who estimates that perhaps \$73bn of overnight "repos" are outstanding. He points out that they enable banks to collect funds without having to put reserve requirements against them and also to offer customers good yields uninhibited by Regulation Q interest rate ceilings.

The money supply data also do not include money invested in money market instruments by mutual funds. These amounts have been growing rapidly to around \$12bn now. Against some of them investors can write cheques.

Another example of the factors which could be at work is that the commonly used money supply measures do not take into account money which banks raise through issuing large Certificates of Deposit. They appear in M4. In the last quarter of 1978 however banks were vigorously raising funds through CD issues and as deposits grow more slowly in 1979, further use of purchased funds raised partly by CD's is expected. This trend will also tend to depress the narrow money supply figures.

Other factors are also at work. Thus as from November 1 banks around the country have been able to offer accounts which in effect allow them to pay interest on deposits in what are, in statistical terms, savings accounts. Current estimates suggest that around \$5bn has gone into these accounts which artificially reduced the growth of the M1 measure. In June of last year moreover, banks and thrift institutions began to be allowed to attract new funds through issuing six-month savings certificates. About \$60bn has gone into these accounts.

To the extent that these funds were transferred out of bank accounts and have not found their way back into them, this too could have resulted in a slight reduction of the growth of M1 and M2.

A motley selection of other alternatives have been put forward to explain the sluggish money supply growth. The seasonal adjustment of money supply figures for example, would be a music hall joke were it not that the subject is so arcane. Salomon Brothers' economist, Dr. Henry Kaufman, has suggested that seasonal patterns in demand for funds from banks which is slack at the beginning of the year, may also be depressing the weekly money data. It is accepted, too, that there are lags in the changes of the money supply. Many economists are confidently predicting, and have been doing so for some weeks, so far without success, that any week now the money supply will surge again.

Reform

The Federal Reserve itself has not eased its monetary policy in response to the slower monetary growth, partly it is suggested because of the continued uncertainties surrounding the dollar but also because, it is suspected, it has its doubts about the numbers too.

The Fed has disclosed this year that its staff has been working on proposals to reform the money supply data, beginning to collect it on a transactions basis instead of by the institutions with which money is deposited. This would for example allow the central bank to collect demand deposit account statistics from thrift institutions and banks which would take account of the fact that the thrift institutions in some parts of the country are increasingly offering checking or current account type services.

The Fed is also supporting a measure now before Congress to impose reserve requirements on large thrift institutions as well as most banks, a step which would, it is argued, give it more control over the monetary economy and would help it halt the defections of banks from membership to the Federal Reserve system.

With the Federal Reserve Board widely seen to be the institution which can react most speedily to changing economic conditions, especially with the dollar so vulnerable, few economists would quarrel with steps the central bank might take to improve its command of monetary policy.

Monetarists would argue that the biggest step it could take would be to pay less attention to interest rates and more to money supply growth over the longer term. As things stand, however, there are fears that the central bank will pay too much attention to signals provided by flawed data, especially if it sees its role to be one of delicately tuning the economy.

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar falls in late trading

The statement by U.S. Energy Secretary, Mr. James Schlesinger, that unless the Iranian oil flow is restored, problems could surpass the 1973 oil embargo by June depressed the dollar in late trading. Earlier in the day trading had been quiet, but the U.S. currency rose quite sharply around the time of the Frankfurt fixing. It was already easing back before the Schlesinger statement, and finished little changed on balance against most other major currencies.

The dollar traded within a range of DM 1.8505 and DM 1.8680 against the D-mark, before closing at DM 1.8575, compared with DM 1.8525 on Monday. The range against the Swiss franc was SwFr 1.6630 and SwFr 1.6860, before finishing at SwFr 1.6650, compared with SwFr 1.6640 previously.

Rates against the Japanese yen moved between Y199.05 and Y201.15, before closing at Y199.40, compared with Y199.30 on Monday.

The dollar's trade weighted depreciation, as calculated by Morgan Guaranty of New York, narrowed to 8.4 per cent from 8.7 per cent.

Sterling's trade-weighted index, on Bank of England figures, was unchanged at 63.5, after touching 63.6 in the morning, but easing to 63.5 at noon.

The pound opened at $2.0050-$2.0060, and touched a high point of $2.0060-$2.0070. In the early afternoon it fell to $1.9900-1.9910, but picked up in line with other currencies, to close at $2.0030-$2.0040, a fall of five points on the day.

NEW YORK — Indications of large buying orders for the dollar in Europe gave the U.S. currency an initial boost, but it soon receded against the Deutsche Mark after a firm start. There was no obvious reason for the original rise, but it was suggested earlier in Germany that some commercial buyers may have been faced with settlement dates for forward purchases of other currencies which had to be paid in dollars. The Iranian situation remained the major factor influencing the market, but conflicting interpretations of the outlook helped to keep the dollar stable.

FRANKFURT — The dollar rose quite sharply just before the fixing from DM 1.8589 against the Deutsche Mark, to be fixed at DM 1.8605. This compares with the previous fixing level of DM 1.8453. The Bundesbank did not intervene at yesterday's fixing, and there was no indication of activity in the market by the central bank earlier in the morning. Trading was generally quiet, with the dollar opening at DM 1.8540.

PARIS—The dollar eased against major European currencies, after gaining ground around midday. Very large purchases of dollars for D-marks was suggested as the reason for the initial rise, but this was followed by profit taking, in the absence of any major news to influence trading. The dollar was quoted at FFr 4.2735 at the close, compared with a high of FFr 4.2900, and FFr 4.2525 late Monday. Sterling weakened against the franc, to finish at FFr 8.4730, from FFr 8.5240 on Monday.

MILAN — Major European currencies lost ground against the lira at yesterday's fixing, but the dollar was firmer. The D-mark fell to L450.85 from L452.23, and the Swiss franc declined to L500.35. The U.S. currency finished the fixing at L839.70, compared with L834.80 on Monday. Trading was normal, totalling $20.5m, with the Bank of Italy selling a large number of dollars.

TOKYO—The dollar fluctuated within a narrow band, closing at Y199.17½, down slightly from the closing rate of Y199.30 in London on Monday, but up from the previous Tokyo finishing rate of Y197.80 on Friday. The foreign exchange market was closed in Japan on Monday for a national holiday. The dollar opened at Y199.20 yesterday, and fell to Y198.85, before touching a high point of Y199.75. Commercial demand for settlement of import contracts helped the U.S. currency, but it also met with some selling pressure from foreign banks.

THE POUND SPOT

Feb. 13	Bank rate %	Day's Spread	Close
U.S. $	9½	1.9900-2.0070	2.0030-2.0040
Canadian $	11¼	2.3840-2.3960	2.3890-2.3900
Guilder	6½	4.00½-4.03½	4.02½-4.02½
Belgian F	6	58.40-58.80	58.70-58.80
Danish K	8	10.28-10.38	10.32-10.33
D mark	3	3.70½-3.75	3.71½-3.72½
Port. Esc.	18	94.20-95.25	94.80-95.20
Span. Pes.	8	137.80-138.10	138.40-138.50
Lira	10½	1,673-1,680	1,679-1,680
Nrwgn. K.	7	10.17-10.21½	10.20½-10.21½
French Fr.	9½	8.52½-8.56	8.54½-8.55½
Swedish Kr	6½	8.72½-8.76½	8.74½-8.75½
Yen	3½	396-405	399-401
Austria Sch	3¾	27.15-27.30	27.25-27.30
Swiss Fr.	1	3.32½-3.36½	3.33½-3.34½

Belgium rate is for convertible francs. Financial franc 59.25-59.35.
* Close for Nrwgn. Kr. on Feb. 9 should have read: 10.16¾-10.17¾.

FORWARD AGAINST £

One month	% p.a.	Three months	% p.a.
0.52-0.43c pm	2.87	1.42-1.32c pm	2.74
0.60-0.50c pm	2.76	1.70-1.60c pm	2.76
2⅛-1½ c pm	5.97	7⅛-6⅝ c pm	6.84
30-20 c pm	5.11	90-80 c pm	5.79
1⅛ ore pm-¼ dis	0.58	2½ ore pm	0.58
3⅜-2⅜ pf pm	9.27	9¼-8¼ pf pm	9.40
30-100 c dis	-8.21	28-220 c dis	-5.05
10c pm-40c dis	-1.30	20-120 c dis	-2.02
2½-¼ lire pm	0.89	6-4 lire pm	1.19
5-3 ore pm	4.70	11⅛-9¼ ore pm	4.11
4½-3½ c pm	5.26	12¾-11¾ c pm	5.75
4-2 ore pm	4.11	11½-9½ ore pm	4.80
3.40-3.10y pm	9.75	10.25-9.95 y pm	10.10
25-15 gro pm	8.80	70-60 gro pm	9.55
3⅞-2⅞ c pm	11.68	11¼-9¾ c pm	12.28

Six-month forward dollar 2.97-2.87c pm, 12-month 5.25-5.15c pm.

THE DOLLAR SPOT AND FORWARD

Feb. 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK	1.9900-2.0070	2.0030-2.0040	0.53-0.43c pm	2.87	1.42-1.32c pm	2.73
Ireland	1.9800-2.0070	2.0030-2.0040	0.53-0.43c pm	2.87	1.42-1.32c pm	2.73
Canada†	83.70-83.89	83.84-83.87	0.4-0.2c dis	-0.23	0.5-0.2c dis	-0.02
Nethlnd.	2.0000-2.0160	2.0100-2.0120	0.65-0.60c pm	3.82	2.24-2.19c pm	4.36
Belgium	29.17½-29.41	29.30-29.32	6-5c pm	2.46	20-18½c pm	2.71
Denmark	5.1320-5.1720	5.1695-5.1720	0.75-1.25ore dis	-2.50	2.75-3.25ore dis	-2.40
W. Ger.	1.8510-1.8650	1.8570-1.8580	1.02-0.97pf pm	6.91	3.25-3.20pf pm	7.05
Portugal	47.19-47.60	47.45-47.60	32-42c dis	-9.34	50-115c dis	-6.94
Spain	69.05-69.18	69.09-69.14	3-13c dis	-1.49	35-55c dis	-2.52
Italy	836.10-841.25	840.75-841.25	1.10-1.40lire dis	-1.81	1.10-3.60lire dis	-1.52
Norway	5.0800-5.1030	5.1010-5.1020	0.75-0.25ore pm	1.18	2.10-1.60ore pm	1.59
France	4.2580-4.2876	4.2625-4.2675	1.20-1.10c pm	3.41	3.35-3.25c pm	3.06
Sweden	4.3545-4.3620	4.3610-4.3620	1.00-0.80ore pm	2.07	2.60-2.50ore pm	2.14
Japan	199.10-201.15	199.40-199.60	1.23-1.13y pm	7.25	3.77-3.67y pm	7.61
Austria	13.55½-13.65½	13.62½-13.63½	6.75-6.00gro pm	6.04	21.50-19.50gro pm	6.12
Switz.	1.6655-1.6760	1.6765-1.6780	1.35-1.25c pm	9.46	4.40-4.35c pm	10.62

† U.S. cents per Canadian $.

CURRENCY RATES

February 13	Special Drawing Rights	European Unit of Account
Sterling	0.642765	0.678484
U.S. dollar	1.29215	1.36611
Canadian dollar	1.54327	1.62340
Austrian schilling	17.4602	18.3616
Belgian franc	37.8713	39.6481
Danish krone	6.58868	6.95149
Deutsche Mark	2.38440	2.50878
Guilder	2.57873	2.71350
French franc	5.48198	5.77060
Lira	1076.62	1134.70
Yen	Unavail.	269.883
Norwegian krone	6.59627	6.93425
Peseta	89.2617	93.8453
Swedish krona	5.60057	5.89759
Swiss franc	2.14432	2.25921

CURRENCY MOVEMENTS

February 13	Bank of England Index	Morgan Guaranty changes %
Sterling	63.45	-40.7
U.S. dollar	84.32	-8.4
Canadian dollar	78.85	-18.7
Austrian schilling	146.91	+19.6
Belgian franc	114.57	+14.5
Danish kroner	118.68	+7.5
Deutsche Mark	150.18	+42.0
Swiss franc	194.90	+82.9
Guilder	124.64	+20.7
French franc	99.53	-5.8
Lira	54.26	-49.3
Yen	144.60	+43.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Feb. 13	£	$		£ Note Rates
Argentina Peso	2,135-2,155	1066-1076	Austria	26.75-27.75
Australia Dollar	1.7680-1.7630	0.8803-0.8814	Belgium	59.60-
Brazil Cruzeiro	42.77-43.77	21.35-21.85	Denmark	10.25-10.35
Finland Markka	7.91-7.93	3.9520-3.9540	France	8.45-8.55
Greek Drachma	73.179-75.941	36.03-36.91	Germany	3.65-3.75
Hong Kong Dollar	9.555-9.575	4.7945-4.7985	Italy	1,650-1,700
Iran Rial	139.27-160.28	78-80	Japan	395-405
Kuwait Dinar (KD)	0.543-0.553	0.2710-0.2760	Netherlands	3.95-4.05
Luxembourg Frc	58.70-58.80	29.29-29.34	Norway	10.12-10.22
Malaysia Dollar	4.3850-4.4000	2.1950-2.1975	Portugal	89-98
New Zealand Dlr	1.8895-1.8995	0.9457-0.9475	Spain	139.50-144.50
Saudi Arab. Riyal	6.65-6.75	3.3242-3.3741	Switzerland	3.30-3.40
Singapore Dollar	4.3575-4.3595	2.1780-2.1740	United States	2.0020-2.0120
Sth. African Rand	1.7022-1.7252	0.8496-0.8611	Yugoslavia	40.5-42.5

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Feb. 13	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.004	3.723	400.0	8.548	3.338	4.025	1680.	2.390	58.75
U.S. Dollar	0.499	1.	1.858	199.7	4.266	1.666	2.008	838.5	1.193	29.32
Deutsche mark	0.269	0.538	1.	107.5	2.296	0.897	1.081	451.2	0.642	15.78
Japanese Yen 1,000	2.500	5.009	9.306	1000.	21.37	8.344	10.06	4199.	5.975	146.9
French Franc 10	1.170	2.344	4.355	468.0	10.	3.905	4.708	1965.	2.796	68.73
Swiss Franc	0.300	0.600	1.115	119.9	2.561	1.	1.205	503.3	0.716	17.60
Dutch Guilder	0.249	0.498	0.925	99.44	2.125	0.830	1.	417.5	0.594	14.61
Italian Lira 1,000	0.595	1.193	2.216	238.2	5.089	1.987	2.395	1000.	1.423	34.98
Canadian Dollar	0.418	0.838	1.558	167.4	3.577	1.397	1.683	702.9	1.	24.59
Belgian Franc 100	1.702	3.410	6.336	680.8	14.55	5.681	6.847	2859.	4.067	100.

EURO-CURRENCY INTEREST RATES

Feb. 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	13¼-13½	10⅛-10⅜	8¾-9¼	7-7¼	-¼-½	2¼-2½	6⅛-6⅝	7-10		5¼-12¼
7 day's notice	13¼-13½	10¼-10½	9½-10	7-7¼	[illegible]	3⅛-3⅜	6⅞-7⅛	10-11	10⅛-10⅜	5¼-5¾
Month	13⅝-13⅞	10⅜-10⅝	10⅛-11	6⅛-6⅝	[illegible]	3¼-3½	7¼-7⅝	12½-13½	10½-10⅝	2½-3⅜
Three months	13⅝-13⅞	10¾-11	10⅝-11	6½-6¾	[illegible]	3¾-3⅞	7⅝-7⅞	13-14	10⅝-11⅛	3⅛-3⅞
Six months	13¾-13⅞	11-11¼	10⅞-11⅛	6½-6¾	[illegible]	4-4¼	8¼-8½	13½-14½	11⅜-11½	3⅜-3⅞
One year	13⅞-13⅞	11-11¼	10⅞-11¼	6¾-7	[illegible]	4¼-4½	8¼-8½	13¾-14¾	11⅝-11⅞	3⅝-4¼

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.45-10.55 per cent; three months 10.60-10.70 per cent; six months 10.95-11.05 per cent; one year 10.90-11.00 per cent.

Long-term Eurodollar deposits: two years 10⅜-10⅝ per cent; three years 10⅜-10⅝ per cent; four years 10⅜-10⅝ per cent; five years 10⅜-10⅝ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Fed holds down rates

Federal funds were trading at 10¼-10⅜ per cent in early trading yesterday in New York and this prompted the authorities into making overnight repurchase agreements in an attempt to increase liquidity. Fed funds were later quoted at 10¼-10⅜ per cent, still well above the presumed target rate of 10-10¼ per cent. Treasury bills were also firmer and 13-week bills rose to 9.32 per cent from 9.26 per cent earlier, with 26-week bills at 9.36 per cent compared with 9.34 per cent. One-year bills were slightly easier however at 9.38 per cent against 9.42 per cent.

FRANKFURT — Day-to-day money fell to 3.65-3.75 per cent from 3.75-3.85 per cent yesterday, while one-month money remained at 3.80-3.90 per cent. The three-month rate stood at 4.05-4.25 per cent compared with 4.1-4.2 per cent with six-month money at 4.2-4.4 per cent against 4.2-4.3 per cent. The 12-month rate was quoted at 4.55-4.75 per cent from 4.55-4.65 per cent on Monday.

PARIS — Day-to-day money remained at 6⅞ per cent yesterday and longer term rates also showed little movement. One- and three-month money stood at 6⅞-6⅞ per cent and 6⅞-6⅞ per cent respectively, both unchanged from Monday, while the six-month rate rose from 6⅞-7 per cent to 7-7⅛ per cent. 12-month money was quoted at 7⅛-7⅜ per cent.

AMSTERDAM—Money market rates showed a firmer tendency throughout yesterday and call money rose from 7½-8 per cent on Monday to 7¾-8 per cent. The rate for one-month money hardened to 7⅛-7⅜ per cent from 7⅛-7⅜ per cent and three-month money also rose to 7⅛-7⅜ per cent from 7⅛-7⅜ per cent. The six-month rate was quoted at 7⅛-7⅜ per cent, up from the previous level of 6⅞-7⅛ per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) showed little change yesterday with one-month deposits at 8⅛-8⅜ per cent compared with 8⅛-8⅜ per cent, and three-month 8⅜-8⅝ per cent against 8⅜-8⅝ per cent. The six-month rate was quoted at 8⁷⁄₁₆-8⁹⁄₁₆ per cent as was the 12-month rate, from the previous common level of 8⅜-8⅝ per cent. Call money fell sharply to 5.45 per cent against 7.55 per cent.

MILAN—Money rates showed no change.

HONG KONG—Conditions in the money market were easy.

GOLD

Weaker trend

Gold fell $3½ to close at $241-241¾. The metal opened at $244½-245½, and was fixed at $244.00 in the morning. Some selling developed when the New York market opened, and at the afternoon fixing gold fell to $240.60.

In Paris the 12½ kilo gold bar was fixed at FFr 32,950 per kilo ($238.89 per ounce) in the afternoon, compared with FFr 32,950 ($240.57) in the morning, and FFr 33,000 ($241.93) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 14,545 per kilo ($244.16 per ounce) compared with DM 14,840 ($250.25) on Monday.

	February 13	February 12
Gold Bullion (fine ounce)		
Close	$241-241¾	$244¼-245¼
Opening	$244½-245½	$247-248
Morning fixing	$244.00 (£121.744)	$249.60 (£124.056)
Afternoon fixing	$240.60 (£120.662)	$244.85 (£121.975)
Gold Coins, domestically		
Krugerrand	$276¼-280¼ (£138-140)	$283½-286½ (£141-143)
New Sovereigns	$68½-70½ (£34¼-35¼)	$70-72 (£35-36)
Old Sovereigns	$70½-72½ (£35¼-36¼)	$71-75 (£34½-35½)
Gold Coins, internationally		
Krugerrand	$250-254 (£124½-126½)	$251½-253½ (£125½-126½)
New Sovereigns	$68½-70½ (£34¼-35¼)	$70-72 (£35-36)
Old Sovereigns	$70½-72½ (£35¼-36¼)	$71-75 (£35½-36½)
$20 Eagles	$317¾-319¾	$320-325
$10 Eagles	$178-183	$176-181
$5 Eagles	$119-124	$117½-122½

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 14 per cent (since February 8, 1979)

Day to day credit was in short supply in the London money market yesterday, and the authorities gave assistance by buying a small amount of corporation bills and a moderate sum of Treasury bills. This was in addition to the purchase of a small amount of eligible banks bills for resale at a fixed future date. Total assistance was termed as moderate. The market was faced with a small rise in the note circulation and settlement on gilt-edged sales. Also banks brought forward balances slightly below target. On the other hand there was a surplus of Government disbursements over revenue transfers to the Exchequer.

Discount houses were paying up to 13⅝ per cent for secured call loans at the start and closing balances were taken at 12¼-12⅞ per cent. In the interbank market overnight loans opened at 13¼-13½ per cent and most of the morning's trading took place around this level. Rates then eased to 12½-13 per cent in the early afternoon but firmed to 13½ per cent at the close.

Longer term rates showed an easier tendency after the rise to 13½ per cent in clearing banks' base lending rates. Three-month interbank money fell to 13⁷⁄₁₆-13⅞ per cent from 13¾-13⅞ per cent and the 12-month rate was quoted at 13¼-13⅜ per cent, down from 13⁷⁄₁₆-13⁹⁄₁₆ per cent on Monday.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Feb. 13 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	12⅛-14	—	—	—	13-14	12¼-13⅞	—	—	—
2 days notice	—	—	13⅝-13⅝	—	—	14	—	—	—	—
7 days or...	—	—	—	—	—	14	12¾-13	—	—	—
7 days notice	—	13⅜-13½	13⅝-13¾	—	13½	—	13-13⅛	12⅞-12⅞	13⅛-13¼	13⅝
One month	13½-13⅜	13½-13⅝	13⅝-13⅞	13¼-13¾	13¾	14¼	13-13⅛	12⅞-13	13⅛-13¼	13¾
Two months	13½-13⅜	13⅝-13⅞	—	13¼-13¾	13⅞	—	13	12⅞-13	13⅛-13⅜	13⅞
Three months	13½-13⅜	13⅝-13⅞	13⅝-13¾	13¼-13⅝	13⅞	—	[illegible]	[illegible]	[illegible]	[illegible]
Six months	13½-13⅜	13⅝-13½	13⅝-13⅝	13½-13⅝	13½	—	—	—	—	—
Nine months	13⅛-13¼	13⅜-13½	—	13⅜-13⅜	—	—	—	—	—	—
One year	13⅛-13¼	13¼-13⅜	13⅛-13⅜	13⅛-13⅜	13½	—	—	—	—	—
Two years	—	—	—	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 13¼-13⅝ per cent; four years 13½-13¾ per cent; five years 13⅝-13⅞ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅛ per cent; four-month trade bills 14 per cent.

Approximate selling rates for one-month Treasury bills 12⅞ per cent; two-month 12⅞ per cent; three months 12⅞ per cent. Approximate selling rate for one-month bank bills 13⅛ per cent; two-month 13-13⅛ per cent; and three-month 13 per cent; one-month trade bills 13⅞ per cent; two-month 13⅞ per cent; and also three-month 13 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12½ per cent from February 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Rates for lending 13½ per cent. Treasury Bills: Average tender rates of discount 13.1154 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.5-11.75
Fed Funds	10.375
Treasury Bills (13-week)	9.32
Treasury Bills (26-week)	9.36
GERMANY	
Discount Rate	3
Overnight Rate	3.70
One month	3.85
Three months	4.15
Six months	4.30
FRANCE	
Discount Rate	9.5
Overnight Rate	6.625
One month	6.8125
Three months	6.8125
Six months	7.0625
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.375
Bills Discount Rate	4.625

COMPANY NOTICES

GOLD FIELDS GROUP
DECLARATION OF DIVIDENDS—UNITED KINGDOM
CURRENCY EQUIVALENTS

In accordance with the standard conditions relating to the payment of the dividends declared by the undermentioned companies in January 1979, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of R1.72305 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 12 February 1979 as advised by the companies' South African bankers.

The United Kingdom currency equivalents of the dividends are therefore as follows:

Name of Company (Each Incorporated in the Republic of South Africa)	Dividend No.	Amount per share
Gold Fields of South Africa Limited	60	40.62563p
New Witwatersrand Gold Exploration Company, Limited	56	4.64293p
Vogelstruisbult Metal Holdings Limited	64	4.64293p

London Office: 49 Moorgate, London, EC2R 6BQ.
United Kingdom Registrar: Close Registrars Limited, 803 High Road, Leyton, London E10 7AA.
12 February 1979.

By Order of the Boards,
C. E. WENNER, London Secretary.

CAISSE NATIONALE DES TELECOMMUNICATIONS
8% 1971-1977-1986 LOAN OF $US20,000,000

Redemptions due on 1st March 1979 for which $US2,000,000 is provided have been made partly by purchases in the market ($US884,000) and drawing by lot ($US1,116,000.-).

Bonds drawn by lot are as follows:

4984 to 5086	5096 to 5109
5114 to 5157	5159 to 5260
5275 to 5280	5286 to 5374
5376 to 5653	5660 to 5675
5682 to 5701	5706 to 5728
5743 to 5746	5752 to 5771
5776 to 5780	5782 to 5860
5866 to 5972	5974 to 5988
5992 to 6083	6086 to 6182

The above bonds will be repayable at par from 1st March 1979, with coupons for 1 3/80 and following attached.

Amount remaining in circulation after 1st March 1979 $US14,000,000.

BOND NUMBERS REPAYABLE AND NOT YET PRESENTED FOR PAYMENT.

11547 to 11553	11559 to 11564
12006 to 12008	12012 to 12015
12225 to 12226	12244 to 12245
12262 to 12263	12278 to 12282
12312 to 12314	

The Fiscal Agent,
BANQUE DE PARIS ET DES PAYS-BAS,
POUR LE GRAND-DUCHE DE LUXEMBOURG.

THE MORTGAGE BANK OF THE KINGDOM OF DENMARK
5½% Bonds of 1964 Series XIX

S. G. Warburg & Co. Ltd., announce that the tenth instalment of Bonds for a nominal value of U.S.$800,000 have been purchased for redemption on 15th March, 1979.

U.S.$4,030,000 nominal amount of bonds will remain outstanding after 15th March, 1979.

30 Gresham Street,
London, EC2P 2EB
14th February, 1979.

BRAZILIAN EQUITY HOLDINGS S.A.

DIVIDEND ANNOUNCEMENT

The Board of Brazilian Equity Holdings S.A. have pleasure in confirming that in accordance with Resolution No. 2 of the Annual Report a dividend of 10c per share was approved. Payment will be made on 5th March, 1979, to registered holders on record at close of business on 19th February, 1979, and to bearer holdings against presentation of Coupon No. 3 to the paying agent at:—
BANQUE GENERALE DU LUXEMBOURG, S.A.,
Luxembourg.
The Board of Directors.

SOCIETE NATIONALE DES CHEMINS DE FER FRANCAIS
US$40 000.000.- — 1975/1981 9¼%

The redemption on 15th March 1979 for which a sum of US$1.000.000 is planned has been effected by a drawing by lot on the 1st of February 1979 in the presence of a Notary.

BOND NUMBERS DRAWN
34896/35895 inclusive.

Amount outstanding after the redemption on 15 March 1979. US$36,030,000.-

Bonds drawn will cease to bear interest on 15 March 1979. Bonds presented for repayment must have their coupons as at 15th March 1980 and subsequent attached and will be paid in accordance with the conditions shown on the Bonds.

BOND NUMBERS REPAYABLE AND NOT YET PRESENTED FOR REPAYMENT.
REDEMPTION OF 15 MARCH 76: Nos. 2429/32 - 2454
REDEMPTION OF 15 MARCH 78: Nos. 26671/72 - 26851/800 27291/95

The Paying Agent,
BANQUE DE PARIS ET DES PAYS-BAS,
POUR LE GRAND-DUCHE DE LUXEMBOURG.

THE COMMERCIAL BANKING COMPANY OF SYDNEY LIMITED
(Incorporated in New South Wales)

INTERIM DIVIDEND 1979

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members will be closed from the 2nd March, 1979, to the 9th March, 1979, both days inclusive, for the purpose of payment of interim dividend.

Transfers for registration prior to such closing must be lodged before 3.00 p.m. on Monday, 19th February, 1979.

By Order of the Chief Board,
J. E. SEARLE,
Chief Manager, London.

EDUCATIONAL

PUBLIC NOTICES

STRATHCLYDE REGIONAL COUNCIL £6,000,000 Bills issued 14.2.79, at 13⁷⁄₁₆% to mature 16.5.79. Total applications £64m and total outstanding £24m.

TRAVEL

RESIDENTIAL PROPERTY

LEGAL NOTICES

No. 00207 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of PARWAY ESTATES DEVELOPMENTS LIMITED and in the Matter of THE COMPANIES ACT, 1948.

NOTICE IS HEREBY GIVEN that a petition for the winding up of the above-named Company by the High Court of Justice was on the 22nd day of January 1979 presented to the said Court by THE COMMISSIONERS OF INLAND REVENUE, of Somerset House, Strand, London, WC2R 1LB and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, on the 26th day of February 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a Copy of the Petition will be furnished to any creditor or contributory of the said Company requiring the same by the undersigned on payment of the regulated charge for the same.

ERIC MOSES,
Solicitor of Inland Revenue,
Somerset House, Strand,
London WC2R 1LB

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person or if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 23rd day of February 1979.

No. 00363 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of RICKY GEORGE SPORT-AID (INTERNATIONAL) LIMITED and in the Matter of THE COMPANIES ACT, 1948

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 2nd day of February 1979, presented to the said Court by DCI INTERNATIONAL (AIR FREIGHT) LIMITED whose registered office is situate at 30/38 Church Street, Staines, Middlesex, TW18 4EP, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL, on the 5th day of March 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

Wm. F. PRIOR & CO.,
Temple Bar House,
23-28, Fleet Street,
London, EC4Y 1AA.
Ref PO-8473. Tel. 01-353 5571.
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 2nd day of March 1979.

No. 00436 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of COLMARK TEXTILES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 8th day of February 1979, presented to the said Court by CO-OPERATIVE RETAIL SERVICES LIMITED whose registered office is situate at 14, Biggin Street, Dover, Kent, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 12th day of March 1979 and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

MILNERS, CURRY & GASKELL,
190, Fleet Street,
London EC4A 2JX
Ref NPS. Tel 01-242 1883.
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 9th day of March 1979.

BOND DRAWINGS

REPUBLIC OF AUSTRIA
6¾% Bonds 1982

S. G. WARBURG & CO. LTD., announce that the redemption instalment of U.S.$1,850,000 *due 15th March, 1979 has been met by purchases in the market to the nominal value of* U.S.$360,000 and by a drawing of Bonds to the nominal value of U.S.$1,490,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

6818 to 6820	6826 to 6835	6852 6853	6855	6858 to 6862	
6864 to 6867	6872 to 6960	6977 to 6980	6987 to 6990	7000 7002	
7003 7012	7013	7022 to 7024	7035 to 7039	7041 to 7046	
7061 to 7064	7081	7089 to 7111	7113	7116 to 7120	
7123 to 7125	7141 7151	7161	7163 to 7171	7181 to 7192	
7194 to 7203	7210 7211	7220 to 7224	7240	7250 to 7260	
7268 to 7282	7284 to 7286	7288 to 7290	7312 7316	7319 to 7324	
7363	7384 to 7386	7431	7434 to 7453	7459 7463	
7464 7469	7470	7474 to 7480	7485 to 7491	7503 to 7518	
7523 to 7529	7534 to 7540	7565 7575	7577 to 7585	7591	
7601 to 7619	7621 to 7625	7627 7628	7641 7642	7644 to 7648	
7650 to 7652	7667 to 7670	7691	7696 to 7720	7731 to 7736	
7738	7753 to 7757	7760 7761	7770	7772 to 7802	
7806 to 7851	7862 to 7867	7869 to 7899	7901 to 7930	7952 to 7960	
7962 7963	7996	7998 to 8005	8007 to 8015	8021 to 8025	
8029	8038 to 8056	8058 to 8089	8093 to 8115	8122 to 8143	
8147	8155 to 8159	8165 to 8170	8180 8185	8193 to 8206	
8210 to 8215	8222 8223	8226 to 8229	8255 8256	8262 to 8266	
8269 to 8271	8274 to 8276	8280 to 8282	8286 to 8291	8305 to 8310	
8316 to 8323	8332 8333	8337 to 8340	8344 to 8352	8355 8358	
8360 to 8362	8365 8366	8373 8374	8376 to 8378	8389 to 8394	
8397 8398	8403 8404	8421 to 8430	8451 to 8459	8479	
8490 to 8503	8514 to 8528	8533 to 8545	8548 to 8555	8576 to 8622	
8624 to 8653	8659 to 8673	8677 8678	8681 to 8692	8694 8695	
8707	8711 to 8720	11160	11163 to 11166	11170 to 11175	
11180 to 11182	11184 11185	11189 11190	11193 to 11205	11207 to 11215	
11217 to 11231	11243 11276	11277 11289	11292 to 11296	11306	
11309 to 11311	11317 to 11325	11331 11332	11336 to 11338	11354 to 11361	
11369 11370	11387 11388	11394 to 11401	11404 11405	11605 to 11636	
11638 to 11640	11642 to 11644	11662 to 11667	11669	11671 to 11696	
11698 to 11705	11708 to 11963	11965 11966	11977 11995	11996 11999	
12001 12002	12012	12017 to 12021	12038 to 12040	12046 to 12076	

On 15th March, 1979 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof together with accrued interest to said date at the office of:—

S. G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB.,

or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 15th March, 1979. Bonds so presented for payment must have attached all coupons maturing after that date.

U.S.$5,850,000 nominal Bonds will remain outstanding after 15th March, 1979.

The following Bonds previously drawn for redemption on the dates given below, have not as yet been presented for payment.

15th March, 1975
Nos: 9782 : 9783 : 9889 : 9896 : 9914 : 10142 : 10143 : 10273 : 10274 : 10365 to 10367 : 10391 to 10399 : 10570 : 10604 : 10605 : 10626 : 11135 to 11138

15th March, 1976
Nos: 18 to 20 : 494

15th March, 1977
Nos: 19626 : 19704 : 20019 : 20020 : 20096 : 20568 : 20569 : 20675

15th March, 1978
Nos: 3088 : 3156 : 3444 : 3646 : 3653 : 3729 : 3827 : 3828 : 4348 to 4377 : 4524 : 4525 : 4882 to 4894 : 4898 : 4899 : 4904 : 4905 : 4918 : 4923 : 4924 : 4926 to 4929 : 4998

30, Gresham Street, London, EC2P 2EB. 14th February, 1979

CLUBS

PERSONAL

Dow index rallies 8 points in early trading

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—91¼% (90⅞%)
Effective $2.0035 47¼% (47%)

THE TAKE-OVER in Iran by supporters of Ayatollah Khomeine removed one clour of uncertainty over the Wall Street stock market and prices rallied in fairly active early trading

The Dow Jones Industrial Average rose 7.97 to stand at 832.81 at 1 pm. The NYSE All Common Index advanced 50 cents to $55.54, while rising issues outpaced declines by more than a three-to-one margin. Turnover expanded to 19.73m shares, well above Monday's 1 pm level of 13.71m.

Closing prices and market reports were not available for this edition.

Analysts said resolution of the strife hastens the date when oil can begin flowing again from Iran, although it could still be several months and may not return to former levels.

A firmer dollar and a declining gold price contributed to the market's advance while some institutional bargain hunting among the better quality stocks was also aiding sentiment.

Pittson topped the activieies list and put on ⅝ to $21⅜. A block of 254,100 shares were traded at $21⅜. UAL, in second place, added ⅜ at $26⅞. A block of 140,000 shares were moved at $26⅞.

Oil, Gas, and Coal stocks continued to strengthen **Exxon** gained ⅜ to $51, active **Texaco** ⅜ to $24⅞. **Atlantic Richfield** ⅞ to $60⅛. **Mobil** ⅜ to $72, **Superior Oil** $3 to $331 an **Mapco** ⅜ to $30⅛.

Perkin-Elmer picked up ⅜ to 28⅞ on reporting a sharp rise in fiscal second-quarter earnings. **International Paper** rose ⅜ to $41⅞ after raising the Quarterly dividend.

Quanex gained ⅞ to $22⅞ in response to higher first-quarter profits.

Textron climbed ⅜ to $26⅜ on fourth-quarter earnings higher than a year ago.

Gold shares, however, were weak. **Rosario Resources** eased ⅜ to $20⅛. The company said that its Dominican affiliate has agreed in principle to additional taxes.

THE AMERICAN SE Market Value Index moved ahead 1.25 to 161.96 at 1 pm. Volume 2.12m shares (1.81m).

Volume leader **Tubos de Acero de Mexico** was a net ⅞ up at $20⅞ after hitting a new high of $21⅜. It has been helped by the Mexican oil boom. **Resorts International "A"** rose ⅞ to $36⅞.

McCulloch Oil gained ⅜ to $5⅞, **Bow Valley** ⅜ to $21⅞ and **Houston Oil and Minerals** ⅜ to $18⅛.

Canada

Markets again displayed a firmer bias yesterday morning in an active business. The Toronto Composite Index was 3.8 higher at 1,379.2 at mid-day, while the Oils and Gas index advanced a further 14.8 to 1,973.2. Metals and Minerals added 4.0 at 1,254.9 and Utilitites 1.26 at 200.97, but Golds receded 18.5 to 1,579.9 and Banks 0.84 to 311.82.

Among Golds, **Campbell Red Lake** lost $1 to C$40⅞ and **Giant Yellowknife** ⅜ to C$11⅞.

Marks and Spencer, the most active Toronto issue, added ⅛ at C$8⅛ on 314,000 shares.

MPG lost ⅜ to C$7⅞. Talcorp Associates said it has withdrawn its offer to acquire MPG.

Tokyo

Stock prices mainly suffered a fresh reaction in thin trading following Monday's holiday closure, with most investors refraining from buying and watching developments in the Iranian political situation. The Nikkei-Dow Jones Average receded 10.34 to 6,023.64, while the Tokyo SE index lost 1.45 to 448.06. Trading volume was only 160m shares, down from 170m traded in Saturday's half-day session and below last Friday's total of 260m

Energy industry-related issues, such as Oil Aefineries and *Minings, were generally lower on* profit-taking. Investors sold Oil shares to take profits because they apparently judged that the worst had now been avoided in Iran as Khomeini consolidated control of Teheran.

Nippon Oil retreated Y20 to Y760, **Arabian Oil** Y160 to Y2,670, **Teikoku Oil** Y17 to Y458 and **Mitsui Mining** Y7 to Y368.

Steels and Heay Electric Machines also declined in the absence of encouraging factors. **Hitachi** shed Y4 to Y260, **Mitsubishi Electric** Y3 to Y183 and **Nippon Steel** Y3 to Y135.

However, export-related Light Electricals advanced against the trend on the dollar's rise against the yen on the Tokyo foreign exchange market. **Pioneer Electronic** moved ahead Y60 to Y1,950, **Sony** Y20 to Y1,570 and **Matsushita Electric** Y8 to Y684.

Honda Motor put on Y3 to Y483 on speculation that the company will increase its capital and dividend and also start seling a new model this autumn.

Fuji Photo Film was also favoured, adding Y12 at Y669, while Chemicals attracted speculative interest, **Kanto Denka Kogyo** rising Y8 to Y554.

Germany

Bourse prices recovered practically all of Monday's losses, with the market feeling less anxious about the political situation in Iran. The Commerzbank index, down 8.8 the previous day, recouped 5.2 at 797.4.

Among Engineerings, **Gutehoffnungshuette**, which held its shareholders meeting yesterday morning, rallied DM 7.30, while **Linde**, **Babcock** and **Demag** picked up DM 8 apiece.

Motors also rallied strongly, **Mercedes** adding DM 6.50, **Volkswagen** DM 4.70 and **BMW** *DM 3.50.*

Deutsche Bank recovered DM 3 and **Commerzbank** DM 2.70. **Kaufhof** were DM 4.50 firmer in Stores, while Electricals had **Siemens** up DM 3.

Public Authority Bonds, however, continued to ease, losing up to 45 pfennigs more in a thin market, but the Bundesbank released DM 3.1m of paper into the market. On the Mark Foreign Loan market, Iranian issues regained some ground.

Paris

Market staged a modest rally, largely on technical factors, after the previous day's fail, with the firmer tone of the dollar and a steadier overnight Wall Street helping sentiment.

SCOA were temporarily unquoted due to an influx of selling orders after it announced a net loss for the company's share of consolidated results and a lower total dividend.

Paribas gained 3.4 to FFr 208.9, **BIC** 9 to FFr 569, **St. Gobain** 3.1 to FFr 140.1 and **Radio Technique** 15 to FFr 420.

U.S. shares, as well as Germans, Canadians, Coppers and Oils, moved higher, but Golds eased.

Australia

Shares were inclined to relinquish some ground on profit-taking, with Mining stocks leading the way in response to a further decline in prices on the London Metal Exchange.

Among Copper issues, **Mount Lyell** lost 9 cents to 70 cents, **MIM** 10 cents to A$2.98 and **Bougainville Copper** 6 cents to A$1.90.

A further rise in gold prices was not sufficient to maintain the *Gold* shares, **Central Norseman** losing 20 cents to A$20.00 and **Poseidon**, **GMK** and **Emperer** also easing.

Kathleen Investments, strong of late on take-over rumours, came back 10 cents to A$3.30, while its *subsidiary* **Queensland Mines** gave up 15 cents at A$3.40.

Among other Uraniums, **Pancontinental** shed 40 cents to A$11.90 and **EZ Industries** 8 cents to A$3.35, but **Peko** held steady at A$5.76.

Elsewhere in Minings, **Renison Tin** retreated 40 cents to A$10.50, **CRA** 4 cents to A$3.58 and **Western Mining** 3 cents to A$1.95.

BHP dipped 4 cents to A$8.84, **ICI Australia** 5 cents to A$2.32 and *Retailer* **David Jones** 3 cents to A$1.23. **Ansett** lost another 4 cents to A$1.16, still depressed by the collapse of Associated Securities.

BNS Wales lost 4 cents to A$3.44 in a softer Banks sector.

Hong Kong

Mixed with a slightly firmer bias after light trading.

Hongkong Bank gained 20 cents to HK$18.60 and **Hong Kong Wharf** 70 cents to HK$27.70, but **Jardine Matheson** shed 10 cents to HK$12.30.

Outside the leaders, **Rubber Trust** declined 10 cents to HK$5.05 but **Sun Hung Kai Properties** rose 15c to HK$7.85, **Cheung Kong** 20 cents to HK$9.85 and **GI Cement** 25 cents to HK$32.25.

Johannesburg

Gold shares declined in a moderate trade on lower Bullion indications. Losses ranged to 100 cents, although **Harties** gained 125 cents against the trend to close at R30.00.

Mining Financials were fairly steady. Collieries improved on Iranian oil cut-off considerations, but Coppers were easier on profit-taking. Platinum shares were also lower but Tin shares were steady.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated. yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
✤ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 demon. unless otherwise stated. § Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. Δ Interim since increased.

Indices

NEW YORK—DOW JONES

	Feb. 12	Feb. 9	Feb. 8	Feb. 7	Feb. 6	Feb. 5	1978-79 High	1978-79 Low	Since Compil'tn High	Since Compil'tn Low
◆ Industr'ls	824.84	822.31	818.67	816.01	832.65	828.99	907.74	742.12	1051.70	41.22
H'me B'nds	85.59	85.56	85.47	85.52	85.51	85.67	90.86	84.99	[illegible]	..
Transport.	209.29	207.75	206.71	206.86	208.29	209.55	261.49	199.31	279.88	12.23
Utilities	103.38	103.21	103.25	103.42	103.32	103.96	110.98	97.73	163.32	10.58
Trading vol 000's	20,630	24,350	25,400	28,460	25,570	26,480	—	—	—	—

◆ Day's high 827.62 low 816.61

	Feb. 9	Feb. 2	Jan. 26	Year ago (approx
Ind. div. yield %	5.95	5.83	5.66	5.94

STANDARD AND POORS

	Feb. 12	Feb. 9	Feb. 8	Feb. 7	Feb. 6	Feb. 5	1978-79 High	1978-79 Low	Since C'mpil't'n High	Since C'mpil't'n Low
‡Industl's	109.50	109.10	109.51	108.25	109.23	109.25	118.71	95.52	134.64	3.55
§Composite	98.20	97.87	97.65	97.10	98.09	98.03	106.99	86.90	125.85	4.40

	Jan. 31	Jan. 24	Jan. 17	Year ago (approx)
Ind. div. yield %	4.99	4.96	4.97	5.94
Ind. P/E Ratio	9.05	9.06	9.01	8.69
Long Gov. Bond Yield	8.84	8.91	8.97	8.16

N.Y.S.E. ALL COMMON

Feb. 12	Feb. 9	Feb. 8	Feb. 7	1978-79 High	1978-79 Low
55.04	54.87	54.74	54.47	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Feb. 12	Feb. 9	Feb. 8
Issues Traded	1,960	1,821	1,842
Rises	646	765	852
Falls	741	590	557
Unchanged	573	466	433
New Highs	21	15	—
New Lows	15	10	

MONTREAL

	Feb. 12	Feb. 9	Feb. 8	Feb. 7	1978-79 High	1978-79 Low
Industrial	229.59	228.79	228.95	225.82	232.44 (29/1/79)	152.50 (16/2)
Combined	233.27	232.86	231.50	230.01	237.05 (24/1/79)	170.82 (30/1)
TORONTO Composite	1375.4	1372.1	1361.6	1349.9	1382.4 (29/1/79)	998.2 (30/1)
JOHANNESBURG Gold	235.8	291.0	288.4	290.7	290.7 (7/2/79)	188.8 (20/4)
JOHANNESBURG Industrial	309.5	337.1	306.1	304.9	309.8 [illegible]	194.9 (13/3)

	Feb. 13	Pre-vious	1978-9 High	1978-9 Low
Australia	[illegible]	[illegible]	[illegible]	411.18
Belgium	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]
Germany	[illegible]	[illegible]	[illegible]	[illegible]
Holland	91.9	91.0	95.1	[illegible]
Hong Kong	[illegible]	[illegible]	[illegible]	[illegible]
Italy	72.67	72.90	[illegible]	[illegible]
Japan	448.06	(c)	462.97	364.04
Singapore	352.34	354.85	414.20	[illegible]
Spain	99.46	(c)	99.4	[illegible]
Sweden	385.74	381.62	[illegible]	[illegible]
Switzerl'd	316.1	314.2	[illegible]	[illegible]

Indices and base dates (all base values 100 except NYSE All Common—50: Standards and Poors—10: and Toronto 300—1,000: the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73 †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. *a* Tokyo New SE 4/1/68. *b* Straits Times 1966. *c* Closed. *d* Madrid SE 30/12/77. *e* Stockholm Industrial 1/1/58. *f* Swiss Bank Corporation. *u* Unavailable.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Cent. Telephone	330,700	20⅝	−⅛
Boeing	273,600	70	+½
Gulf States Util.	251,200	12⅞	+⅛
Chartrer Warrants	249,500	1⅞	+⅛
Sears Roebuck	223,800	20⅝	−⅛
Ford Motor	219,600	40⅝	+⅛
Exxon	215,300	50⅝	—
Occidental Pet.	191,000	19⅝	—
Xerox	170,800	56½	−⅛
Citicorp	169,700	23⅝	+⅛

GERMANY ◆

Feb. 13	Price DM.	+ or —	Div. %	Yld. %
AEG	66.5	+1.4	—	—
Allianz Versich	493	+5	31.2	3.2
BMW	232.5	+3.5	28.12	6.1
BASF	133.8	−0.7	18.75	7.0
Bayer	136.6	+0.6	18.75	6.8
Bayer-Hypo	278	+5	28.12	5.1
Bay. Vereinsbk	290	+6	28.12	4.9
Commerzbank	206.8	−2.7	26.56	6.4
Conti Gummi	70.5	−2.3	—	—
Daimler-Benz	310	−2.5	28.12	4.5
Degussa	244.5	−1.5	26.56	5.6
Demag	165	−8	17.18	10.3
Deutsche Bank	279	+3	28.12	5.0
Dresdner Bank	223	−2.3	28.12	6.3
Dyckerhoff Ze't	169	−1	9.38	2.8
Gutehoffnung	228.5	+7.3	18.26	4.1
Hapag Lloyd	102.5	−0.5	14.06	6.9
Harpener	147.0	+2	15.63	5.3
Hoechst	132.8	+0.5	18.75	7.1
Hoesch	48	+1.7	—	—
Horten	158	+3	9.36	3.1
Kali und Salz	149.8	+1.8	14.04	4.7
Karstadt	330.0	+3	23.44	3.6
Kaufhof	252	−4.5	18.78	3.7
Klockner DM.100	88	+2	—	—
KHD	206.5	+4.8	18.76	4.6
Krupp DM.100	94.5	+2	—	—
Linde	289.0	+8	25	4.4
Lo'brau DM.100	1,530	−10	25	8.2
Lufthansa	95	+3	9.38	5.0
M.A.N	207	....	18.76	4.6
Mannesmann	163.4	+4.3	17.18	5.2
Metallges	264	+4	15.63	2.9
Munchener Rck	525	....	28.12	2.7
Neckermann	171.0	−2.5	—	—
Preuss'g DM100	160	+1.5	—	—
RheinWestElect	176.7	−0.3	25	7.1
Schering	244	+2.9	28.12	5.8
Siemens	263.7	+3	25	4.8
Sud Zucker	245	−2	17.96	3.7
Thyssen A.G.	107.2	+1.4	17.16	8.0
Varta	176	−1	16.16	4.6
VEBA	140.8	+1.9	9.38	3.3
Vereins&W'stBk	292.5	+8.5	28.12	4.8
Volkswagen	238	+4.7	25	5.2

TOKYO ¶

Feb. 13	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	350	−3	14	2.0
Canon	481	−1	12	1.2
Casio	830	−4	25	1.5
Chinon	369	−1	20	2.7
Dai Nippon Print	537	+1	18	1.7
Fuji Photo	669	+12	15	1.1
Hitachi	260	−4	12	2.3
Honda Motors	483	+3	18	1.9
House Food	960	.. ..	35	1.8
C. Itoh	255	−5	12	2.3
Ito Yokado	1,700	−10	30	0.9
Jaccs	685	−5	13	0.9
J.A.L.	2,930	... .	—	—
Kansai Elect.Pw	1,180	... .	10	0.4
Komatsu	359	+1	18	2.5
Kubota	277	−2	15	2.7
Kyoto-Ceramic	3,850	−50	35	0.4
Matsushita Ind.	684	+8	20	1.5
Mitsubishi Bank	333	−3	10	1.5
Mitsubishi He'vy	128	−2	12	4.7
Mitsubishi Corp	423	−2	13	1.5
Mitsui & Co	280	....	14	2.5
Mitsukoshi	538	−1	20	1.8
Nippon Denso	1,320	−10	15	1.3
Nippon Shinpan	710	−5	12	0.8
Nissan Motors	667	−10	16	1.2
Pioneer	1,950	+60	48	1.2
Sanyo Elect	286	−1	12	2.1
Sekisui Prefab	774	−12	30	1.9
Shiseido	1,150	+10	20	0.9
Sony	1,570	+20	40	1.3
Taisho Marine	241	−2	11	2.3
Takeda Chem	498	−8	15	1.5
TDK	1,730	+30	30	0.9
Teijin	141	....	10	3.5
Tokyo Marine	487	−2	11	1.1
Tokyo Elect Pow	1,070	....	8	3.7
Tokyo Sanyo	364	+9	12	1.6
Toray	183	+2	10	2.7
Toshiba Corp	151	... .	10	3.3
Toyota Motor	848	.. ....	20	1.2

Source Nikko Securities, Tokyo

BASE LENDING RATES

A.B.N. Bank	13½%
Allied Irish Banks Ltd.	12½%
Amro Bank	13½%
American Express Bk.	14 %
A P Bank Ltd.	13½%
Henry Ansbacher	13½%
Associates Cap. Corp.	12½%
Banco de Bilbao	12½%
Bank of Credit & Cmce.	13½%
Bank of Cyprus	12½%
Bank of N.S.W.	13½%
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14 %
Barclays Bank	13½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	13½%
■ Brown Shipley	14 %
Canada Perm't Trust	12½%
Cayzer Ltd.	14 %
Cedar Holdings	12½%
■ Charterhouse Japhet	13½%
Choulartons	12½%
C. E. Coates	13½%
Consolidated Credits	13½%
Co-opertive Bank	*13½%
Corinthian Securities	13½%
Credit Lyonnais	13½%
Duncan Lawrie	12½%
The Cyprus Popular Bk.	12½%
Eagil Trust	13½%
English Transcont.	12½%
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	13½%
Greyhound Guaranty	13½%
Grindlays Bank	‡12½%
■ Guinness Mahon	12½%
■ Hambros Bank	13½%
■ Hill Samuel	§13½%
C. Hoare & Co.	†12½%
Julian S. Hodge	14½%
Hongkong & Shanghai	13½%
Industrial Bk. of Scot.	12½%
Keyser Ullmann	13½%
Knowsley & Co. Ltd.	14½%
Lloyds Bank	13½%
London Mercantile	13½%
Edward Manson & Co.	14½%
Midland Bank	13½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	13½%
National Westminster	13½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Rossminster	13½%
Royal Bk. Canada Tst.	12½%
Schlesinger Limited	12½%
E. S. Schwab	13½%
Security Trust Co. Ltd.	13½%
Shenley Trust	14 %
Standard Chartered	13½%
Trade Dev. Bank	13½%
Trustee Savings Bank	13½%
Twentieth Century Bk.	13½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	14 %
Williams & Glyn's	13½%
Yorkshire Bank	13½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10¼%.
† 7-day deposits on sums of £10,000 and under 10% up to £25,000 10¼% and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 11%.

COMMODITIES AND AGRICULTURE

EEC offers cut-price butter

By Margaret Van Hattem in Brussels

THE EEC Commission yesterday announced that from next month, Community bakers and pastry cooks will be able to buy cut-price butter for semi-finished products like packaged cake mixes, frozen pastry, and the like, as well as finished products.

This is expected to boost butter consumption by 10,000 tonnes a year, which may console those who fret about the butter surplus, currently about 375,000 tonnes.

"It is not a revolutionary measure," Commission officials said, "but it shows the Commission is keeping the problem in mind."

The Community pays more than £330,000 a week in storage costs for the 255,000 tonnes of butter in public stocks.

Zinc price rise followed

By Our Commodities Editor

FURTHER INCREASES in the European zinc producer price, from $760 to $800 a tonne, were announced by several leading European producers yesterday. This follows the rise to $800 initiated by the Belgian company, Prayon, on Monday.

However, there was a general downward trend on the London metal markets yesterday, mainly reflecting the rise in the value of the dollar against sterling.

Despite the producer price rises, zinc values on the London Metal Exchange fell, with cash quotation losing £8.25 to £395.5 a tonne.

The decline was led by copper. The market moved up initially on news of a strike at the Bougainville mine, but profit-taking selling encouraged by the rise in the dollar brought values back sharply. By the close cash wirebars were £15 lower at £941 a tonne.

In New York, Asarco announced that it was cutting its producer price by another cent to 88 cents a lb. This reflects the fall in world market values since last week when Asarco put its domestic price up to a record 90 cents a lb.

Other metals also lost ground. Standard grade cash tin was £85 down at £7,145 a tonne despite a rise in the Penang market overnight. Cash lead fell by £11.5 to £506.25 and aluminium by £5 to £716.5 a tonne.

Emergency moves to stop spread of pig disease

BY CHRISTOPHER PARKES

AT MIDNIGHT last night the Government effectively sealed off large areas of Yorkshire and Humberside in a bid to prevent the further spread of a virulent pig disease which has already cost the lives of 16,000 pigs.

Cost to the taxpayer in compensation alone is estimated at about £650,000 to £1m so far.

Parts of Cleveland, North Yorkshire, West Yorkshire, Humberside and the whole of South Yorkshire are covered by an order restricting the movement of pigs.

No stock may be moved out of the region and animals may be transported into or inside the affected zone only if their owner has a licence issued by the Ministry of Agriculture.

The introduction of emergency controls followed the diagnosis of swine vesicular disease among pigs on eight farms in the past 10 days. After the announcement of the clampdown yesterday the Ministry reported yet another case in the area.

Ministry rules say pigs on infected farms must be slaughtered. Owners are paid compensation equivalent to the full market value of the stock lost, and the Ministry also pays the bill for slaughter and disposal of the carcasses. Sows can be worth up to £600 each, boars £200 and bacon pigs £50 a head.

On one intensive farm found to be infected on Monday night, 6,500 pigs were killed. On the unit where the disease was confirmed yesterday 3,500 were put down.

While it is hoped that the movement restrictions will prevent the transmission of the disease through livestock markets, ministry vets are still at a loss in their search for the origins of the outbreak, although they suspect the source lies in infected feeding stuffs.

SVD was unknown in this country before 1972 when the first outbreaks were mistaken for foot and mouth disease. The disease spread rapidly and was only stamped out after five years of slaughterings.

During that epidemic, 215,000 pigs were killed and compensation cost about £6m. The reappearance of SVD ends a 20-month period of freedom from infection.

The present outbreak is considered especially serious because it is affecting farms in the most intensive pig production area in the country. If it were to get out of control the national pig industry could suffer long-term damage.

A veterinary surgeon said yesterday that the Government had decided on a slaughter-compensation policy for dealing with SVD because of its disastrous effect on the pigs' efficiency in converting feed to meat and also because of the disease's similarity to foot and mouth.

A virus disease, SVD cannot be cured, and an animal left to recover naturally can take up to 280 days to reach slaughter weight, compared with 180 days for a healthy pig.

Wheat pact 'still touch and go'

BY BRIJ KHINDARIA IN GENEVA

THE EMPHASIS in the Geneva wheat conference has shifted away from disputes between the U.S. and the Common Market, and wheat importing developing countries are now holding the centre of the stage.

Prospects for a new International Wheat Agreement to replace the one that expires at the end of June remain uncertain in spite of intensive negotiations beyond last Friday's deadline for completion. Some delegates envisage at least two more days of negotiation.

"It is still touch and go whether we will have a new accord," a senior delegate said.

The U.S. and the EEC, which unfailingly attract most attention because of their size, appear to have reached a deal on the price range to be included in the new accord, but have run into a barrage of arguments from developing nations.

India, among the larger developing countries, is taking a flexible line but many others are standing firm on the general Third World position that the planned price range should be at a low level and that developing countries should not be asked to hold large stocks.

The European Community is playing a somewhat ambiguous role of mediator between the U.S. and the wheat importing developing nations. The incomes of its own farmers are well protected from the vagaries of the world market because of its elaborate Common Agricultural Policy.

However, the U.S. and the Community have now offered some compromise sugestions to the wheat importing countries under which these nations would buy wheat for storage at prices lower than those applicable to purchases by the U.S. and EEC.

The developing countries would be allowed to sell wheat at prices lower than those applied for sales from stores in the U.S. and the EEC.

U.S. Assistant Secretary of State for Agriculture, Mr. Dale Hathaway, arrived in Geneva yesterday to handle the final part of the negotiations.

The accord under discussion will go far beyond the existing arrangement because it will consist of a system of nationally-held reserve stocks of wheat which would be distributed to create extra supplies when world prices rise above agreed levels, and would buy wheat to mop up excessive supplies when world prices fall below agreed levels.

The developing countries say if the price range is set at a high level they should not be expected to hold large stocks and that they should be given money to finance their holdings.

The justification for these demands is that the worst fluctuations in wheat output are caused by developed country farmers who can quickly adapt to price conditions and who also put severe pressure on legislators to maintain high incomes.

The developing countries argue that they prefer low world price levels rather than high ones because their wheat production facilities are less responsive to world price fluctuations than those of the U.S., and because their farmers will content themselves with lower real incomes.

Sharp drop in cocoa market

By Richard Mooney

THE underlying "bearish" mood of the London cocoa futures market was confirmed with a vengeance yesterday by another sharp fall in nearby values. The May position, which touched £1,894 on Monday before the downturn set in, lost a further £79.75 to close at £1,758.75 a tonne.

This week's fall has wiped out most of last week's £170 a tonne recovery, which had been seen as a largely technical reaction to the sustained decline which had trimmed more than £260 off nearby quotations since the beginning of this year.

Sales by Ghana, the Ivory Coast, the Cameroons and Brazil have been reported this week and it has been suggested that it was hedging against these sales which turned the price trend downwards on Monday afternoon.

The Brazilian flooding remains a matter for concern but its importance is being played down in some market quarters. Even if reports that 100,000 bags have been lost do not prove exaggerated, Brazilian production, on present estimates, would still reach a new record of about 2.9m bags.

Many traders find it difficult to believe that flooding in February — normally a period of heavy rain — could do such severe damage. They point out that the cocoa is still on the trees at the moment and should not be particularly vulnerable to rain damage.

Japan buys more wool

JAPAN HAS been stepping up its purchases of raw wool, mainly from Australia, following a rapid recovery of the domestic wool market, Japanese wool trading sources said in Tokyo.

Total purchases in January rose to 188,954 bales, from 120,077 in December, and 96,257 in January, 1978. The total included 146,507 bales of Australian wool (71,836 in December and 78,937 last January).

Purchases in the first seven months of the 1979 wool year ending in June, totalled 859,531 bales, up 21.3 per cent from the same 1978 period, the sources said.

Reuter

Twin disasters hit expansion hopes

BY RIK TURNER IN SAO PAULO

BRAZIL'S "year of agriculture" has got off to a bad start. Adverse weather has brought Brazil to the sadly ironic position of having two states of "public calamity" declared at the same time and for exactly opposite reasons: drought and flooding.

First came the drought, affecting the southern states of Rio Grande do Sul and Parana. Until late last week, some parts of the two states had had no rain since the beginning of the year and, by the time it did rain, it was too late to save a considerable amount of the crops in the area. Most of Brazil's soyabean is grown in the two states, and this year's was to have been a bumper crop. Official estimates, based on plantings, forecast a record outturn of 13.8m tonnes for the whole country. Some 11m tonnes were due to come from the areas hit by the drought. It caught the crop in the crucial flowering period, the success of which determines the degree of productivity of the plant.

Rio Grande do Sul is the state worst hit by the drought. In 27 towns, water is being rationed, and in one of them, Alto Uruguai, the 23,000 inhabitants only have water for four hours a day. The latest estimate of losses for the state suggests a drop in this year's soyabean crop of 2m tonnes, the total now expected is 4m tonnes against a forecast of 6m at the beginning of the year. The state of Parana has fared slightly better. It is expected to harvest 4.2m tonnes of soya this year, a loss of 15 per cent on earlier estimates.

Parana's other losses are: 45 per cent of its rice, 18 per cent of its cotton and 11.5 per cent of its maize. Rio Grande do Sul, in addition to its 34 per cent losses in its soya crop (a figure which may still rise), has also suffered 40 per cent losses in its maize and 10 per cent in its rice crops. In both states, rice is grown for subsistence, as are beans, which could not be planted this year due to the prolonged dry weather.

Meanwhile, last week's floods took heaviest toll in the north-eastern states of Minas Gerais and Espirito Santo. About 600 lives have been lost (though the conditions have hampered attempts to keep an accurate count), and a further 800 people are missing. The floods have destroyed 150,000 homes, 140 roads and 150 bridges.

The now subsiding waters are leaving behind serious problems of food and medical supplies and sanitation. The harvests affected by the floods are Minas' bean and rice crops, both of which have suffered 30 per cent losses. These, added to the southern states' difficulties, will mean serious problems in food supplies this year.

But it is not only agriculture which has been hit by the floods. Minas is the country's fastest growing industrial centre. The interruptions in the road and rail networks last week brought many of the state's steel, iron ore, mining, woodpulp and cement industries to a halt. All big mining companies have suspended activities and eight big cement factories stopped turning out their daily 700,000 bags. Pig iron output is down to half its normal production rate, and Cenibra, the woodpulp company in the region, has ceased production due to lack of supplies. The Companhia Vale do Rio Doce, of which Codibra is a subsidiary, has suffered losses of Crs 100m (£2.5m) since the start of the crisis. According to Mr. Joel Mendes Renno, the company president, it's estimated production of iron for February has been reduced from 5.5m tonnes to 4m.

The Usampnas steel company's output dropped from 9,000 to 1,500 tonnes for a while last week, and although it is picking up again, reaching 4,000 tonnes at the end of the week, the reduction will force Siderbras, the state holding company, to import flat rolled steel within the next three months.

The north-east's problems, arising from the floods, are by no means over, even though the rains have stopped in most areas. This week, the sluice gates on the Sobradinho dam are to be opened as a safety measure, which will mean a flow of water in the Sao Francisco river, aggravating the already difficult situation for important agro-livestock projects in the states of Alagoas and Sergipe.

City aid sought for commodity centre

BY JOHN EDWARDS, COMMODITIES EDITOR

EXPLORATORY discussions were being held about raising £3m from the City to help finance the creation of a world commodities centre in London, Mr. P. G. Smith, chairman of the Federation of Commodity Associations, disclosed last night. But, he added, this was dependent on the Government's agreeing to provide a similar, or bigger, contribution.

Mr. Smith said a commodities centre was required in London to bring together as many as possible of the international commodity organisations.

If this could be achieved, it would be a big step towards ensuring the continuation of the London commodity markets' eminence, and could have a great influence in deciding where the headquarters of any Unctad Common Fund might be established.

Mr. Smith was speaking at an international commodity trades dinner at the Mansion House, held at the suggestion of Sir Kenneth Cork, the Lord Mayor, to highlight the importance of the City of London as an international commodity trading centre.

Mr. F. A. Worge, the first non-British vice chairman of the federation, took a more hostile view of the proposed common fund. He wondered whether the Unctad bureaucracy would resist the temptation to use the fund to influence the operations of the various buffer stocks.

Mr. Worge, a Hamburg cocoa trader, said governments of consumer countries would have to be careful during forthcoming negotiations not to make any concessions in this respect.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lower in active trading on the London Metal Exchange. After moving up from £970 to £975 on the early pre-market, following news of a strike at the Bougainville mine, forward metal fell away sharply to £952 following profit-taking and a rise in the dollar against sterling. However, the lower levels attracted short-covering which saw the price rally to £958 on the late Kerb. Turnover: 18,875 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	946-.5	—5	940.5-1.5	—15
3 months	965-.5	—5	957.5-8	—15
Settl'm'nt	946.5	—5	—	......
Cathodes				
Cash	935.5-6	-2.75	929.5-30.5	—13
3 months	951-.5	-3.25	945-6	—15.7
Settl'm'nt	936	—3	—	
U.S. Smt.	—	......	87-89	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £946, three months £966, 65, 64, 65, 64, 64.5, 65, 64, 63.5, 63. Cathodes, three months £952.5, 951, 51.5. Kerb: Wirebars, three months £963, 62.5, 62, 61, 60, 60.5, 58.5, 59. Afternoon: Wirebars, three months £958, 59, 59.5, 59, 58.5, 60, 59, 58.5, 58. Kerb: Wirebars, three months £958, 55, 54, 53, 53.5, 54, 54.5, 55, 54, 54.5, 55, 56, 57, 57.5, 57, 56.5, 56, 57.5, 58, 58.5, 58.

TIN—Easier on balance. Forward standard metal opened on a steady note at £07,170 reflecting the firmness of the Penang market, but failed to hold this level as a downturn in other metals prompted profit-taking in tin. After easing to the day's low of £7,120 on the morning Kerb forward metal rallied modestly on the late Kerb, to close at £7,130, mainly reflecting covering against U.S. physical business. Turnover: 1,390 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7270-5	+37.5	7220-50	—102.
3 months	7155-65	+52.5	7130-40	—75
Settlem't	7275	—5	—	......
Standard				
Cash	7175-80	+30	7140-50	—85
3 months	7130-5	+36	7100-10	—75
Settlem't	7180	+30	—	......
Straits. E.	‡1877	+16		
New York	—	......		......

Morning: Standard cash £7,175, three months £7,140, 50, 40, 30. High Grade cash £7,300, £7,280, £7,275. Kerb: Standard three months £7,120. Afternoon: Standard three months £7,120, 10, 15, 20, 10, £7,105, £7,100.

LEAD—Gave ground in line with copper. After initially moving up to £491 forward metal came under pressure and fell away to £475 at one point prior to a modest rally which left it at £478 on the late Kerb. Turnover: 13,250 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	504-5	—11.5	505-7	—11.5
3 months	484-5	—1	480.5-1	—8.75
Sett'ment	505	—11.5	—	......
U.S. Spot	—	......	42-4	......

Morning: cash £505, 6, 5, three months £486, 85, 85.5, 85, 84. Kerb: three months £484, 82, 81, 82, 81, 82. Afternoon: three months £481, 80, 79, 80, 81. Kerb: three months £479, 80, 79, 76, 75, 76, 77, 77.5, 77.

ZINC—Mirrored copper and lead with forward metal easing from £414 on the early pre-market to close a the day's low of £407 on the late Kerb. Turnover: 4,825 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	395.5-6.5	—.75	395-6	—8.25
3 months	410 .5	—2	408-9	—8.25
S'ment	396.5	—.5	—	......
Prim.west	—	......	58.5-7.5	......

Morning: cash, three months £411, 11.5, 12, 11, 10. Kerb: three months £410, 9, 8.5, 8, 7, 6. Afternoon: cash £396, three months £407, 8, 9, 8.5. Kerb: three months £407.5, 7, 6, 7.

ALUMINIUM—Easier. Forward metal held steady around the £717 level in the morning, reflecting modest fresh buying, but then gave ground to close at £712 on the late Kerb. Turnover: 3,375 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	720-1	+6	715-8	—5
3 months	716-7	+6	712-3	—5

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Three months £714, 13, 14, 14, 16, 17, 16. Kerb: three months £714. Afternoon: three months £716, 14, 13, 12.5, 12. Kerb: three months £712, 11.5.

SILVER

Silver was fixed 9.9p an ounce lower in the London bullion market yesterday at 356.5p. U.S. cent equivalents of the fixing levels were: Spot 711.80c, down 24.7c; three-month 728.4c, down 25.8c; six-month 742.8c, down 25.1c; and 12-month 768.5c, down 24.7c. The metal opened at 360.3-362.3p (722-726c) and closed at 355.15-357.15p (711-715c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	356.5p	—9.9	356.35p	—8.75
3 months	367.6p	—10.4	367.5p	—8.1
6 months	377.1p	—10.5	—	......
12 months	394.6p	—10.5	—	......

LME—Turnover 315 (255) lots of 10,000 ozs. Morning: Three months [illegible]

COCOA

Cocoa futures were weak throughout the day due to continued Commission House liquidation for prices to close marginally off the day's lows, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	[illegible]	[illegible]	1768.0-10.0
May	[illegible]	[illegible]	1810.0-55.0
July	[illegible]	[illegible]	1852.0-00.0
Sept.	[illegible]	[illegible]	1860.0-10.0
Dec.	[illegible]	[illegible]	1908.0-80.0
March	[illegible]	[illegible]	1926.0-95.0
May	[illegible]	[illegible]	1940.0-50.0

Sales 6,206 (5,286) lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound). Daily price for Feb. 12: 161.95 (162.01). Indicator prices for Feb. 13: 15-day average 156.09 (same); 22-day average 158.76 (159.35).

WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales)—Micron Contract: [illegible]

LONDON GREASY—Close (in order buyer, seller) Australian: March 220.0-228.0, May 228.0-235.0, July 228.0-237.0, Oct. 231.0-240.0, Dec. 232.0-240.0, March 234.0-244.0, May 235.0-244.0, July 236.0-247.0. Sales: Nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): March 180.0-184.0, May 185.0-187.0, July 185.0-190.0, Oct. 190.0-194.0, Dec. 190.0-196.0, March 191.0-197.0, May 193.0-199.0, July 1930-199.0. Sales: Nil.

COFFEE

After opening slightly higher, coffee came under pressure mainly in the spot month again, and buyers held back momentarily seemingly content to await better levels, reported Drexel Burnham Lambert. In the afternoon, values were eroded further in quiet conditions and gradually fell to finish around the lows of the day £15 to £29 down from Monday.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1405-1408	—15.5	1432-1405
May	1302-1303	—24.0	1330-1301
July	1252-1253	—29.8	1278-1255
September	1215-1215	—27.0	1238-1215
November	1180-1181	—22.0	1198-1180
January	1153-1156	—16.5	1165-1155
March	1125-1131	—15.0	1132-1129

Sales: 2,786 (3,616) lots of 5 tonnes.

ICO Indicator prices for Feb. 12: (U.S. cents per pound): Colombian Mild Arabicas 141.00 (143.50); unwashed Arabicas 128.00 (same); other Mild Arabicas 122.33 (same); Robustas ICA 1976 133.00 (same); Robustas ICA 1968 127.92 (133.50). Daily average 129.28 (131.47).

GRAINS

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2, 14 per cent Feb. unquoted, March 92.75, second half March/first half April 91.50, transhipment East Coast. U.S. Hard Winter 13½ per cent Feb. 90.75, March 88.50 transhipment East Coast. EEC wheat unquoted.

Maize: U.S.-French Feb. 109.70, March 110.50 transhipment East Coast. S. African White second-half Feb./first-half March 73.00 Glasgow. S. African Yellow second-half Feb./first-half March 73.00 Glasgow.

Barley: English Feed fob March 93.50, April 94.50 S. East Coast.

Sorghum and oats: unquoted.

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Mar.	93.50	—0.20	89.40	+0.50
May	97.10	+0.10	92.40	+0.40
Sept.	90.40	—0.10	84.35	+0.20
Nov.	93.85	+0.25	87.70	+0.20
Jan.	96.50	+0.40	91.10	+0.20

Business done—Wheat: March 93.65-93.50, May 97.25-96.90, Sept. 90.40-90.40, Nov. 93.75-93.75, Jan. 97.05-97.05. Sales: 174. Barley: March 89.40-88.90, May 92.50-91.95, Sept. 84.40-84.30, Nov. 87.65-87.65, Jan. no trade. Sales: 378.

HGCA average ex-farm spot prices in UK for week to Feb. 8: Other milling wheat £91.70 (−0.10); feed wheat £90.60 (+0.10); malting barley £90 (+2.40); feed barley £84.50 (+60). HGCA location ex-farm spot prices. Feed wheat: North-East England 91.80, Berkshire and Oxford 90.70. Feed barley: North-East England 86.20, Berkshire and Oxford 85.70.

The UK monetary coefficient for the week beginning February 19 is expected to remain unchanged.

Wheat opened 15p higher and 10-15p higher on barley. May wheat values increased on commercial and country buying to trade 25p higher. Values eased on the close on some profit-taking to close 10p higher. March saw very little buying interest and closed 20p lower. Barley in very active trading saw good commercial buyers and the market rallied to trade 50p higher. The market closed about steady, 40-50p higher. New crops remained steady on lack of sellers and closed 10-40p higher on wheat and 20p higher on barley, reported Acli.

COTTON

COTTON—Spot and shipment sales in Liverpool amounted to 409 tonnes, bringing the total for the week so far to 817 tonnes. Renewed pressure for supplies resulted in a freer offtake in American-type styles, with U.S. staple again attracting attention. Minor support came in certain African qualities.

RUBBER

EASIER opening on the London physical market. Little interest at lower levels, closing uncertain. Lewis and Peat reported the Malaysian godown price was 245 (249) cents a kilo (buyer, February).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
March	60.85-60.90	61.20-62.00	60.80
April	61.65-61.70	62.00-62.50	—
Apr-Jne	62.25-62.30	62.50-62.55	62.50-62.00
Jy-Sept.	64.20-64.25	64.45-64.50	64.50-63.75
Oct-Dec	66.15-66.25	66.45-66.50	66.55-65.80
Jan-Mar	68.15-68.20	68.40-68.55	68.40-67.75
Apr-Jne	70.15-70.25	70.45-70.80	70.20-70.00
Jy-Sept.	72.20-72.25	72.50-72.60	72.05-71.70
Oct-Dec	74.20-74.25	74.50-74.70	74.25-73.80

Sales: 368 (295) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 60p (60.5); March 60.25p (60.5); April 61p (61.25).

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£ per tonne		
February	131.50-33.0	—2.50	—
April	127.30-27.4	—3.10	128.00-26.80
June	128.70-28.8	—2.60	130.70-28.40
August	128.40-29.8	—3.10	131.00-28.80
October	127.00-30.0	—3.50	—
December	127.00-28.0	—0.75	127.50
February	125.50-28.0	—2.25	—

Sales: 105 (2,486) lots of 25 tonnes.

SUGAR

LONDON DAILY PRICES (raw sugar): £100.00 (same) a tonne cif for Feb.-March shipment. White sugar daily price was fixed at £102.00 (same).

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £168.50 (£169.50) for export.

Despite initial trades being some 50 points below overnight levels, the market improved over the morning and early afternoon by £1.00 from the low points on some keen buying inspired by weaker currency considerations. A reversal in currency trends mid-afternoon led to arbitrage selling which erased half the gains by the close, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	104.25-04.50	105.20-05.25	105.25-03.50
May	109.50-09.65	110.70-10.75	110.70-08.75
Aug.	115.70-15.75	114.80-14.95	114.50-15.40
Oct.	116.75-16.80	117.75-17.80	117.80-16.50
Dec.	119.50-19.65	120.25-20.50	120.00-19.40
March	124.50-24.55	125.60-25.65	125.50-24.50
May	126.75-27.50	128.00-28.05	127.50

Sales: 3,293 (2,486) lots of 25 tonnes.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Feb. 12: Daily 8.09 (8.09); 15-day average 7.68 (7.64).

WHITE SUGAR—Close (in order buyer, seller, business, sales). April 104.00-104.25, 104.50-104.25, 53; July 109.75-110.25, 110.25-110.00, 86; Sept. 115.25-115.30, 116.00-115.25, 90; Nov. 120.00-120.25, 120.50-120.00, 30; Feb. 127.50-128.25, 128.50-127.75, 79; April 132.00-133.00; July 136.00-138.00. Sales: 398.

MEAT/VEGETABLES

COVENT GARDEN—Prices in sterling per package except where stated. Imported produce: Lemons—Italian: 120's 4.25-4.50; Cyprus: Trays 3.30-4.00, cartons 80/180's 3.50-6.50; Spania: Trays 30/40/45 1.60-1.80. Oranges—Spania: Navels/Navelines 3.60-4.00; Israeli: Shamouti 3.85-4.85; Cyprus: 3.00-4.20; Moroccan: Navels 3.60-3.80; Egyptian: Baladi 3.40-3.50. Sevilles—Spanish: Sours 3.80. Clementines—Spania: 5.00-6.00. Satsumas—Spania: 3.30-3.80. Mandarins—Spania: 3.80-4.40. Grapefruit—Texas: Red Blush 4.50-4.60; Cyprus: 2.40-3.80; Israeli: Jaffa 27/88 3.45-4.05. Apples—French: Golden Delicious 40-lb 138/175's 4.00-4.50, 20-lb 72's 2.15-2.30, 84's 1.80-2.00; Granny Smith 40-lb 138/163 4.80-5.50, 20-lb 72's 2.60-2.70, 84's 2.20-2.30, jumble pack per pound 0.08-0.10; Starking Delicious 40-lb 150/175's 3.60-4.20; Stark Crimson 40-lb 138/163's 4.30-5.00, 20-lb 84's 2.00-2.40, 72's 2.40-2.70; Hungarian: Starking Delicious 40-lb 5.60. Pears—Per pound, Italian: Passe-crassane 0.13; Dutch: Conference 0.18. Plums—S. African: Per pound Santa Rosa 0.30-0.40, Gaviotas 0.40-0.45.

Bananas—Jamaican: Per pound 0.13-0.14. Pineapples—S. African: 10/11's 3.50-3.80; Ivory Coast: each 0.40-0.90. Grapes—Spanish: Almeria 3.60-4.00, Black 5.00-5.50; Californian: Red Emperor 20/23-lb 7.00-8.50; S. African: Carton, Queen of the Vineyard 6.50-6.70, Ben Hannah 9.00. Avocados—Israeli: 3.50-3.60. Melons—Spanish: Green 15-kilo boxes 12/15's 11.00; Chilea: white 15 kg 8.00; Peruvian: green 12/15 10:00; S. African: 15-kg boxes white 10.00, small boxes 5.50. [illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb. 13 1979	+ or —	Month ago
Metals			
Aluminium	£710	....	£710
Free Mkt (cs)	$1,550/60	....	$1,236/55
Copper			
Cash w'bar	£941	—15.0	£825.5
3 mth „	£957.75	—15.0	£841.75
Cash Cathode	£930	—13.0	£809
3 mth „	£945.5	—15.75	£826.25
Gold troy oz.	$241.575	—5.575	$221.575
Lead cash	£506.25	—11.5	£503
3 mth	£480.75	—8.75	£457
Nickel	£2320.69		
Freemkt(cif)(lb)	$1.78	....	$1.63
	1.92	....	1.76
Platin'm tr'y oz	£164.5	....	£152
Free mkt	£202.6	—4.0	£178.75
Quicksil'ver	$210/20	....	$196/208
Silver troy oz	356.5p	—9.9	303.1p
3 months	367.6p	—10.4	310.9p
Tin cash	£7,145	—85.0	£6,760
3 mths	£7,10 5	—75.0	£6,682.5
Tungsten	$154.14	....	$140.39
Wolfrm 22.04 cif	$119/24	....	$127/133
Zinc cash	£395.5	—8.25	£358
3 months	£395.5	—8.25	£369.75
Producers	$760	....	$720
Oils			
Coconut (Phil)	$985r	—20.0	$1,015
Groundnut			
Linseed Crude	£385	+5.0	£372
Palm Malayan	$684w	—10.0	$692
Seeds			
Copra Philip	$695y	—5.0	$685
Soyabean (U.S.)	$300.6z	—1.45	$295
Grains			
Barley Futures	£92.4	+0.4	£86.1
Maize			
French No 3 Am	£109.7	+0.7	£107.5
Wheat			
No. 1 Red Spg.		....	£87.25
No2 Hard Wint.	£90.75	+1.5	£93.5
Eng. Milling †	£96.5s	+0.5	
Other commodities			
Cocoa ship't	£1,767	—76.0	£1,918
Future May	£1,758.75	—79.75	£1,867
Coffee F't'r May	£1,303.5	—24.0	1,350.5
Cotton 'A' Index	76.1c	—0.35	76.65c
Rubber kilo §	60.p	—0.5	55p
Sugar (Raw)	£100	....	£94
Wooltp's 64s kl	269p	....	268p

* Nominal. † New crop. ‡ Unquoted. p April-May. r Feb.-March. s March. v March-April. w April. x Per ton. z Indicator. § Buyer.

AMERICAN MARKETS

NEW YORK, Feb. 13.

Tin—671.00-705.00 (678.00-710.00).

Potatoes (round whites)—March 583-585 (586), April 605-606 (612), May 690-692, Nov. 560 asked, March unquoted, April unquoted, May 785 bid.

CHICAGO, Feb. 13

Lard—Chicago loose 25.25 (25.00). New York prime steam 26.50 traded (same).

‡‡Maize—March 235-234½ (236), May 244½-245 (245¾), July 250-249¾, Sept. 253¾, Dec. 257-257¼, March 264½-264¾.

‡Wheat—March 362½-362 (364½), May 344-343½ (345½), July 322-322¼, Sept. 232½-224, Dec. 334-333½, March 343 nom.

§Oats—March 139-139¼ (141½), May 148-147¾ (149¾), July 154-153¾, Sept. 157½, Dec. 162¾.

Pork Bellies—Feb. 66.00-65.85 (65.17), March 65.70-65.85 (64.52), May 66.80-66.85, July 66.80-66.85, Aug. 64.95.

Live Hogs—June 53.85-53.90 (52.90), Aug. 51.20-51.25 (50.32).

Shell Eggs—Feb 57.60 (56.50), March 54.40-54.35 (56.20), April 50.00-50.25 bid, May 50.00, June 50.30, Sept. 58.05, Dec. 59.80.

Live Hogs—Feb. 55.55-55.60 (54.47), April 52.10-52.20 (51.47), June 53.85-53.90, July 53.90-54.00, Aug. 51.20-51.25, Oct. 48.90-49.00, Dec. 49.15, Feb. 48.70, April 46.40.

Plywood—March 21.51 (21.53), May 21.40-21.35 (21.45), July 21.25-21.40, Sept. 20.95-20.88, Nov. 20.78-20.80, Jan. 20.85, March 20.85.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

Monday's closing prices

NEW YORK, Feb. 12.

Tin—678.00-710.00 asked (675.00-720.00).

Coffee—"C" Contract: March 125.00-125.49 (125.70), May 124.25-124.50 (124.25), July 124.70-124.75, Sept. 125.25, Dec. 124.00, March 122.50-123.00, May 122.00-127.50, July 105.00-123.00. Sales: 1,190 lots.

*Gold—Feb. 245.50 (243.90), March 246.60 (245.30), April 248.60, June 253.00, Aug. 257.40, Oct. 261.80, Dec. 266.20, Feb. 270.70, April 275.20, June 279.80, Aug. 284.40, Oct. 289.00, Dec. 293.70.

*Platinum — April 413.00-415.50 (411.40), July 413.10-414.80 (411.60), Oct. 415.00-415.20, Jan. 415.70-416.00, April 416.40-416.80, July 417.00-417.60, Oct. 417.80-418.20. Sales: 1,980 lots.

Sugar—No. 11: March 8.34-8.40 (8.37), May 8.73-8.76 (8.74), July 9.02-9.04, Sept. 9.24-9.25, Oct. 9.32-9.35, Jan. 9.65-9.75, March 9.98-9.10, May 10.15-10.23, July 10.45. Sales: 6,000.

Cocoa—March 157.00 (160.50), May 158.00 (161.80), July 160.30, Sept. 162.20, Dec. 164.20, March 165.70, May 166.60. Sales: 1,328.

Cotton—No. 2: March 64.10 (64.60), May 66.30 (66.90), July 67.70, Oct. 66.15, Dec. 64.95, March 65.95, May 66.90, July 66.40. Sales: 6,245.

CHICAGO, Feb. 12.

Lard—Chicago loose 25.00 (same). New York prime steam 26.50 traded (same).

WINNIPEG, Feb. 12. Rye—May 105.00 (105.00), July 104.00 (104.00), Oct. 106.80, Dec. 106.90.

§Barley—March 78.00 (78.40), May 79.00 (79.40), July 81.00, Oct. 84.30, Dec. 84.10.

§Oats—March 86.00 bid (85.90), May 83.10 (83.70), July 82.40, Oct. 83.20, Dec. 83.10.

§Flaxseed—May 352.00 (348.00), July 346.00 (342.00), Oct. 343.00, Nov. 336.50, Dec. 337.00.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 190.40 (191.00).

EUROPEAN MARKETS

ROTTERDAM, Feb. 13.

U.S. No. 2 Dark Hard Winter Wheat 13.5 per cent March $161. U.S. Hard Winter wheat ordinary March-May $160. U.S. No. 2 Red Winter wheat March $166, April $158, May $157. U.S. No. 2 Northern Spring wheat 14 per cent Feb. $172, March $169, April $167.

Cocoa—March 1420-1430, May 1464-1469, July 1510, Sept. 1530-1535, Dec. 1510-1520, March 1510-1540. Sales at call, nil accumulative total 227.

PARIS, Feb. 13.

Sugar (FFr per 100 kilos)—March 860-870, May 892-893, July 905-913, Aug. 944-945, Oct. 970-975, Nov. 965-975, Dec. 985-995, March 1,010-1,025. Sales at call 1.

Maize—U.S. No. 3 Yellow corn, April $119.50, Feb. $119.00, March $118.50, April-June $118.50, July-Sept. $118.50, Oct.-Dec. $118.50.

INDICES

FINANCIAL TIMES

Feb. 12	Feb. 9	M'nth ago	Year ago
265.22	269.58	262.24	226.67

(Base: July 1, 1952=100)

MOODY'S

Feb. 13	Feb. 9	M'nth ago	Year ago
1034.4	1035.7	996.1	909.4

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 12	Feb. 9	Month ago	Year ago
Spot	381.32	384.81	378.31	350.04
F'tur's	381.42	385.16	374.06	358.11

(Average 1924-25-26=100)

REUTERS

Feb. 13	Feb. 12	M'nth ago	Year ago
1528.8	1532.3	1499.9	1402.5

(Base: September 18, 1931=100)

Farm price plan criticised

THE EEC Commission's plan to freeze common farm prices are unacceptable, Herr Konstantin von Heereman, president of the West German farmers' union said in Bonn yesterday.

The Commission's currency proposals made no constructive contribution to the Community's difficulties with monetary compensatory amounts (MCAs), he said, and should be vigorously rejected.

Herr Heereman said MCAs were the result of differences between the economic and monetary policies of member countries, and as long as these remained so should MCAs.

The setting up of the European Monetary System would not mean that greater currency stability within the EEC would be guaranteed, he added.

It followed that, as before, an automatic adjustment of MCAs should succeed changes in currency rates, he said.

On the planned abolition of MCAs, Herr Heereman said this should occur within the framework of the annual farm price round and should not bring any reduction of nominal farm prices in strong currency countries.

Reuter

Equities rebound sharply under lead of ICI, Beecham and 30-share index jumps 9.3 to 455.4—Gilts also good

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 29	Feb. 8	Feb. 9	Feb. 20
Feb. 12	Feb. 22	Feb. 23	Mar. 6
Feb. 26	Mar. 8	Mar. 9	Mar. 20

* "New time" dealings may take place from 9.30 am two business days earlier.

Encouraged by the BL Cars stewards' decision to abandon plans for industrial action, equity markets yesterday began a technical recovery which gathered *momentum on news that the* clearing banks had decided to raise base lending rates by 1 per cent and not by the 1½ per cent widely forecast to come into line with Minimum Lending Rate.

The banks' announcement generated optimism that interest rates in general may, after all, have peaked out. Investment demand revived for leading and many secondary stocks and this caused professional operators to hurriedly close bear positions taken out on Monday.

ICI were a particularly good example of this as investors started to look with renewed enthusiasm to next week's preliminary statement; coupled with the effects of a bear squeeze, the demand pushed the price up 10 to 356p. Other gains among constituents of the FT 30-share index ranged to 12p although **Beecham** jumped 21 to 613p.

The index, which was only 2.8 higher at 10 am, went on to easily regain Monday's loss of 4.6 by closing 9.3 up at the day's best of 455.4. Rises regained their advantage, by nearly three-to-one, over falls in FT-quoted industrials for the first time in seven trading sessions, but official markings, at 5,232, were less than the previous day's 5,733.

Enthused by *interest* rate possibilities, Gilt-edged securities attracted a broader investment demand which, despite a certain amount of selling, brought fresh gains extending to ½ among the longs, although thoughts were being voiced this end of the market may not be left untapped for long.

Business in the shorts was also brisk and the Government broker was able to operate the tap **Treasury** 12 per cent "A" 1983 again at 93⅛, a price he subsequently withdrew; later, bids of 93 3/16 were accepted for supplies of the stock. Switching into the tap was fairly sizeable, but demand for other issues was also good and the sector established further improvements ranging to ⅛.

The investment currency premium traded within fairly narrow limits following a well-matched institutional and arbitrage business and rose to 93 per cent before late reports of a pending change in Irish exchange control regulations restricted the rise to ¼ at the close of 91½ per cent. *Yesterday's SE conversion* factor was 0.6783 (0.6792).

Awaiting bid developments, **Caledonian Holdings** hardened another 2 to 111p; Comet Radiovision's planned 110p per share offer was made known well after the market close.

Banks advance

Already up to 5 firmer, the major clearing banks made further progress following the smaller-than-expected base lending rate increases and closed at the day's highest with gains ranging to 10. **Midland**, 360p, and **NatWest**, 290p, both ended that much better, while **Barclays** closed 6 to the good at 376p. **Lloyds**, due to start the dividend season on Friday, added 5 to 285p. Hire Purchases made progress with **UDT** doing well at 43p, up 2, with the 16 per cent **Convertible Loan 1979-81** gaining 3 to £140.

Insurances contributed to the firm trend. Already a couple of pence harder, **Minet Holdings** improved further to finish 5 better at 167p on the late announcement that the group is in discussions with Corroon and Black Corporation with a view to merging their world-wide businesses.

Quietly-firm Breweries finished the session displaying modest gains and **Bass** hardened 3 to 163p. Distilleries were also better, **Arthur Bell**, at 172p, recovering 4 of last week's fall of 14, and **Distillers** rising 5 to 207p.

Technical factors influenced buying of leading Building issues where certain gains were exaggerated by stock shortages. **Costain** rallied 10 to 154p and the deferred 8 to 112p, while **Taylor Woodrow** rallied 17 to 380p. Speculative buying was again directed towards **Manders** *which firmed 6 for a two-day rise* of 16 at 126p and similarly, **J. Finlan** added another 3 to 44p. Despite the increased bid worth 147p from **Norcros**, a couple of pence better at 82p, **Johnson-Richards Tiles**, after initial progress to 137p, gradually slipped and closed a penny cheaper on balance at 134p; **Armitage Shanks**, having already agreed merger terms with Johnson-Richards, eased 3 to 74p, after the announcement that holders representing 23 per cent of the J-RT ordinary shares intend to accept the Norcros offer.

In a relatively small turnover, **ICI** rose 10 to 356p. Among other Chemicals, **Allied Colloids** attracted buyers and firmed 5 to 93p, while **Farm Feed** added 3 to 83p, after 86p.

MFI Furniture good

A good market of late, **MFI Furniture** forged further ahead yesterday by jumping 19 to a 1978-79 peak of 234p in response to the excellent first-half profits and the Board's restructuring proposals. *Elsewhere in Stores*, rises of around 7 were seen in **Harris Queensway**, 178p, **Home Charm**, 277p, and **Status Discount**, 242p. The leaders closed at the day's best with **Marks and Spencer** 3 to the good at 86p. Among Shoes, **George Oliver "A"** put on 4 to 58p.

Buying interest in the Electrical sector revived after the recent setback. **Henry Wigfall** featured with a jump of 23 to 270p which gave rise to takeover talk, while buying in a market none too well supplied with stock lifted **Eurotherm** 15 to 265p. **Dale** responded to the *good interim results with a gain* of 4 to 144p. **Electrocomponents** moved up 8 to 333p, **Ferranti** 10 to 362p and **Electronic Rentals** encountered support at 159p, up 5. **GEC** stood out in the leaders with a rise of 9 to 320p.

Helped by technical influences, Engineering leaders took a distinct turn for the better. **John Brown** rallied 8 to 390p and **GKN** 5 to 232p, while **Vickers** picked up 4 to 176p and similar rises were recorded in **Hawker Siddeley**, 202p, and **Tubes**, 350p. Scattered support was forthcoming for secondary issues. Country buying lifted **WGI** 9 *to 127p and speculative demand* took **Wellman** up to 52p before settling at 50p for a rise of 5½. **British Aluminium**, 895p, and **Alcan Aluminium**, 153p, rose 20 and 5 respectively, but **Averys**, down 4 at 214p, reflected uncertainty about GEC's bid intentions. News of the orders worth in excess of £1.5m from Westland Helicopters prompted a rise of 4 in **ML Holdings** to 148p.

Foods encountered an overall improvement in business and became relatively busy in certain situations. The bid denial from the chairman failed to deter buyers of **Spillers** which firmed 1½ for a two-day gain of 3½ at 38p. **J. Sainsbury** met fresh buying and added 5 to 237p, while late interest left **J. Bibby** a like amount up at 292p. **Associated Fisheries**, at 39p, regained the previous day's fall of 3 that stemmed from adverse Press comment, but disappointing interim profits left **Meat Trade Suppliers** a penny easier at 85p.

Prince of Wales featured quietly firm Hotels and Caterers with a rise of 9 to 108p on speculative buying. **Savoy A** firmed 3 to 77p on news of British and Commonwealth's 8 per cent interest in the company.

Beecham leads rally

Miscellaneous Industrial leaders staged a good technical rally helped by the smaller-than-expected increase in the major clearing banks' base lending rates. Closing levels were the day's highest as **Beecham** led the advance with a gain of 21 to 613p, while **Glaxo**, 475p, and **Reckitt and Colman**, 457p, rose 12 apiece. Still reflecting favourable comment, **Pilkington** added 7 to 285p. Elsewhere, **Channel Tunnel** jumped 12 more to 90p on continuing hopes of the project planned by British Rail. **Thomas Witter** added 8 to 57p following the better-than-expected preliminary results and **Glass and Metal** rose 5 to 99p on buying in front of today's annual figures. Renewed investment demand lifted **ICL** 13 to 443p and **Cawoods** added 8 more to 162p on further consideration of the company's North Sea oil interests. **Gnome Photographic** improved 4 to 74p on a revived speculative demand and **Ofrex** put on 5 to 117p for a similar reason. **Macanie (London)** closed 3 higher at 28p, while news of an American deal lifted **Gestetner A** 5 to 140p. **Valor** hardened 2 to 55p in response to Press comment but **Thermal Syndicate** relinquished 4 to 88p after disappointing results. **Donald Macpherson** closed a penny cheaper at 80½p following details of the proposed £2.3m rights issue.

Associated Communication's agreed bid for **Intereuropean Property** which controls the Classic chain of cinemas, sparked speculative interest in **Samuelson Film Service**, 2 up at 157p, after 160p, and **Piccadilly Theatres** which added 5 to 115p.

On the withdrawal of the threatened BL Cars stoppage, major component suppliers rallied to show useful gains; **Lucas** rose 8 to 270p, while *Associated Engineering* put on 3 to 90p. **Wilmot Breeden** continued firm on hopes of a statement later this week about Rockwell's bid intentions and added 4½ for a two-day rise of 12 to 80½p. Elsewhere in Motors, **Rolls-Royce** advanced 2 to 91p following the group's 12½ per cent rise in home market prices.

Renewed hopes of a possible bid from the American ITT concern lifted **Associated Book Publishers** to 305p, a rise of 15. Wallpaper manufacturers **Melody Mills** became a good market, rising 8 to a 1978-79 peak of 118p, while **Jacksons Bourne End**, subject of a 100p per share offer from Rossminster firmed afresh by putting on 4 to 105p.

Quietly firm for most of the session, Properties improved further in the late dealings. **Land Securities** finished 4 higher at 256p and **MEPC** 3 up at 159p. **Stock Convedsion** firmed 4 to 294p and **Great Portland Estates** 6 to 232p, but **Bernard Sunley**, on second thoughts about the interim results, eased 2 to 258p. News that Sun Alliance had increased its stake in the company to 6.52 per cent lifted **Peachey** 2½ to 99p. Following the 90p cash agreed bid from Associated Communications, dealings re-started in **Intereuropean**; from an opening level of 87p, the price settled at 86p, compared with the suspension price of 57p.

Oils firm again

Oil shares maintained a firm trend, but activity lessened considerably. **British Petroleum** settled with a gain of 6 at 970p and **Shell** finished similarly higher at 632p, while dollar premium influences were reflected in a rise of ¾ to £46¼ in **Royal Dutch**. **Siebens (UK)**, up 20 more at 296p in a thin market, again featured.

Among Financial Trusts, **Dalgety** reacted to 318p on disappointment with the interim results before settling 3 down at 321p.

In Textiles, **Nottingham Manufacturing** disappointed with a virtual standstill in taxable profits and fell to 117p before "cheap" buying left the shares at 120p for a net loss of 8.

Bats, at 295p, recovered 7 of Monday's fall of 10, while the **Deferred** finished 6 better at 274p.

Golds easier

Modest Continental buying of some South African Golds helped to offset the $3.375 downturn in the bullion price to $241.375 per ounce.

The *Gold Mines index gave up* 0.4 to 177.0 while the ex-premium index eased a like amount to 120.1. Among the stocks to attract the Continental interest, **West Driefontein** closed unaltered on balance at £24, but **East Driefontein**, 781p, **President Brand**, 935p and **President Steyn**, 787p, all closed around 10 down.

The marginal issues responded to speculative interest. **Durban Deep** registered a new 1978-79 high at 466p, up 3, while gains of around 5 were common to **East Rand Proprietary** and **West Rand Consolidated** at 311p and 122p respectively.

South African Financials moved similarly to Golds, although **Transvaal Consolidated Land** were again an exception as renewed Johannesburg demand lifted the shares ½ more to a 1978-79 high of £15¾ reflecting the company's considerable coal interests.

London Financials failed to respond to the firmness of UK equities. **Charter** gave up 4 to 150p, after 149p. **Gold Fields** 3 to 203p, and **Rio Tinto-Zinc** 2 to 278p.

Australians fell away in line with overnight domestic markets. Base-metal producers were the worst affected with **MIM Holdings** 9 lower at 251p and **Conzinc Riotinto** and **Mount Lyell** down 6 apiece at 298p and 62p respectively.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
Shell Transport...	25p	15	632	+ 6	632	484
BP	£1	14	970	+ 6	970	720
ICI	£1	14	356	+10	421	328
MFI Furniture ...	10p	10	234	+19	234	54
Distillers	50p	9	207	+ 5	215	163
GEC	25p	9	320	+ 9	349	233
Beecham	25p	8	613	+21	726	581
GKN	£1	8	232	+ 5	298	227
Intereurpn. Prop.	10p	8	86	—	87	25
Allied Breweries	25p	7	81	+ 1	94	78
NatWest Bank ...	£1	7	290	+10	300	250
P. & O. Defd.	£1	7	80½	+ 1½	118	76½
Rustenburg Plat.	Ro.10	7	151	—	154	70
Boots	25p	6	189	+ 4	237	184
Marks & Spencer	25p	6	86	+ 3	94	67½

FINANCIAL TIMES STOCK INDICES

—	Feb. 13	Feb. 12	Feb. 9	Feb. 8	Feb. 7	Feb. 6	A year ago
Government Secs.	65.18	64.89	64.80	64.84	65.13	65.54	74.38
Fixed Interest	66.03	65.77	66.08	65.97	66.67	66.84	77.62
Industrial	455.4	446.1	450.7	448.9	455.2	454.8	459.7
Gold Mines	177.0	177.4	174.0	178.6	182.6	183.8	155.2
Gold Mines (Ex-$ pm)	120.1	120.5	119.3	122.5	123.5	123.2	115.4
Ord. Div. Yield	6.24	6.37	6.32	6.34	6.27	6.26	5.81
Earnings, Y'ld % (full)	16.31	16.65	16.55	16.59	16.42	16.39	17.71
P/E Ratio (net) (*)	7.95	7.79	7.85	7.83	7.90	7.91	7.97
Dealings marked	5,232	5,733	5,224	5,300	5,036	5,568	6,087
Equity turnover £m.	—	75.00	96.02	104.29	77.95	94.78	62.92
Equity bargains total	—	13,914	14,957	15,307	15,157	16,422	14,429

10 am 448.9. 11 am 452.8. Noon 452.5. 1 pm 452.0. 2 pm 452.2. 3 pm 453.0.

Latest Index 01-246 8026.

*Nil = 7.73.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (3/1/78)	64.64 (9/2/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (8/1/78)	65.77 (12/2/79)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8/78)	124.1 (29/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.5 (14/8/78)	90.3 (18/4/78)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	Feb. 13	Feb. 12
-Daily		
Gilt Edged	207.6	211.2
Industrials	160.5	182.7
Speculative	48.4	57.8
Totals	119.1	156.8
5-d'y Av'r'ge		
Gilt Edged	185.6	178.7
Industrials	169.0	174.4
Speculative	57.8	61.0
Totals	120.8	122.4

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 6	Feb. 19	May 3	May 15
Feb. 20	Mar. 5	May 17	May 30
Mar. 6	Mar. 19	May 31	Jne. 12

For rate indications see end of Share Information Service

Call options were dealt in **Premier Oil**, **UDT**, **Lucas**, **P & O**, **Inter-City**, **Town and City**, **Maynards**, **Wilmot Breeden**, **Bridgend**, **ICI**, **Sirdar**, **Comfort Hotels**, **Hunting Petroleum**, **Newman Inds.**, **Leboff Fobel**, **Chris. Moran**, **Spillers**, **Associated Fisheries**, **Bolton Textile**, **Myson**, **Burmah**, **MFI**, **William Press** and **Mener Group Motors**. No puts were reported, but doubles completed included **Charterhall**, **Premier Oil**, **Cons. Gold** and **Wilmot Breeden**.

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (41)

BANKS (1)
Wintrust

BEERS (1)
Tomatin

BUILDINGS (2)
Finlan (J.) Manders

CHEMICALS (2)
Allied Colloids Farm Feed

STORES (3)
Bakers Stores MFI Furniture
Lee Cooper

ELECTRICALS (1)
Eurotherm Intl.

ENGINEERING (2)
British Aluminium Utd. Engineering

FOODS (1)
Spillers

HOTELS (1)
Prince of Wales

INDUSTRIALS (11)
BTR Gnome Photo.
Barlow Rand Leadenhall Sterling
British Cine Macanie (London)
Cawoods Macpherson (D.)
Crean (J.) "The Times" Veneer
Gieves

INSURANCE (1)
Edinburgh & Gen. Inv.

NEWSPAPERS (1)
Intl. Thomson Conv.

PAPER (2)
Chapman (Balham) Melody Mills

PROPERTY (5)
Amal. Estates Utd. Real Prop.
County & District Warnford Inv.
Mountview Estates

TEXTILES (1)
Shiloh Spinners

TRUSTS (2)
Gresham House Oil & Assoc. Inv.

OILS (2)
BP Shell Transport

MINES (2)
Durban Deep Transvaal Cons.

NEW LOWS (17)

COMMONWLTH. & AFRICAN LOANS (1)
Southern Rhodesia 2½pc '65-70

LOANS (1)
ICFC 7¼pc A Deb. '92-94

BUILDINGS (2)
Douglas (R. M.) Monk (A.)

ENGINEERING (7)
CompAir Lloyd (F. H.)
Eva Industries Neill (J.)
Jones Grp. Shakespeare (J.)
Lee (A.)

INDUSTRIALS (2)
Lebus (Harris) Thermal Syndicate

PAPER (1)
Inveresk

TEXTILES (3)
Illingworth Morris Spencer (Geo.)
Illingworth Morris A

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	88	—	12
Corpns., Dom. and Foreign Bonds	23	4	37
Industrials	498	175	846
Financial and Prop.	181	47	281
Oils	14	2	22
Plantations	9	—	23
Mines	44	60	47
Recent Issues	8	3	17
Totals	845	281	1,286

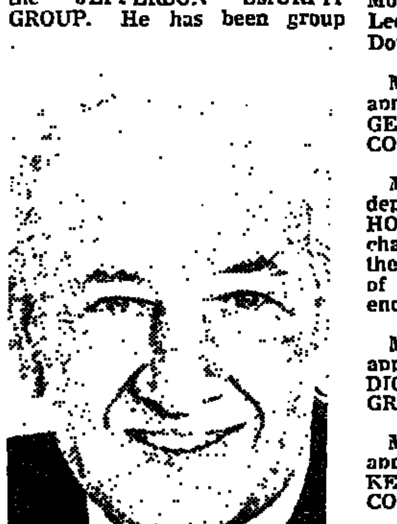
APPOINTMENTS

Plessey Aerospace directors

Mr. Fred Morley and Mr. Eric Batten have been appointed directors of PLESSEY AEROSPACE. Mr. Morley, at present a consultant to Rolls-Royce, joins as a non-executive director. Mr. Batten becomes director of product support based at Romford, Essex. He went to the company from the de Havilland Engine Company in 1956 and has held a number of positions including general manager of Plessey Precision and product support division of Plessey Aerospace.

★

Mr. W. J. MacDonald has been appointed to the main Board of the *JEFFERSON SMURFIT* GROUP. He has been group



Mr. W. J. MacDonald

secretary since 1971 and is a director of a number of Smurfit subsidiary and associate companies.

★

Sir Alex Page, chairman of Metal Box, has been appointed a non-executive director of C. SHIPPAM.

★

Mr. P. D. Custance and Mr. C. J. Brook have joined the Board of F. UTTLEY AND SON.

★

Mr. Andrew Thompson has been appointed marketing director of RUBERY OWEN HYDRAULICS. Mr. Thompson *joined the company in 1969* and became export sales manager a year later. After a period as marketing manager in the oil/petrochemical industry, he returned in the newly structured ROHyd in 1976.

★

Mr. Reg Smith has been appointed to the Board of DORADA MOTOR GROUP as group service and parts director. He joined Dorada in 1975 as group parts manager and was given group responsibility for service in 1977. Mr. Allan Field has become managing director of Dorada's subsidiary, Brockholes Motor Company and Mr. David Lee is now on the Board of Dorada Leasing.

★

Mr. J. G. Beckett has been appointed to the Board of GEORGE H. SCHOLES AND COMPANY from March 1.

★

Mr. R. A. Graves, executive deputy chairman of BRICKHOUSE DUDLEY, is to become chairman and chief executive of the company on the retirement of Mr. R. M. Huxtable at the end of next month.

★

Mr. John A. Crabb has been appointed vice chairman of DICKINSON ROBINSON GROUP.

★

Mr. R. S. Malnick has been appointed to the Board of the KEYSTONE INVESTMENT COMPANY.

★

Brigadier J. J. Moore, Royal Marines, is to be promoted Major-General and to be Major-General Royal Marines Commando Forces in succession to Major-General Sir Steuart Pringle, Royal Marines, in August. Major-General Sir Steuart Pringle, Royal Marines, will become Chief of Staff to the Commandant General Royal Marines in place of Major-General R. P. Wall Royal Marines, in September.

★

Mr. Peter Plant, formerly sales director of DRAYTON CONTROLS (ENGINEERING) has been appointed marketing director, with special responsibility for overseas markets. His previous position is being taken over by former heating division sales manager, *Mr. Roger Reeve*, who has joined the Board as UK sales director.

★

Mr. Len Attewill has retired from ALLEN-WEST EAC but remains with the company as a consultant.

★

Mr. C. A. C. (Philip) Bulpitt has been appointed chairman of the Board of the BRITISH INSTITUTE OF MANAGEMENT FOUNDATION, succeeding Mr. Leslie Tolley, who became chairman of BIM Council in October 1978. Mr. Bulpitt is an executive director of Thomas Tilling.

★

Mr. G. W. True has been appointed divisional director of social services for SURREY COUNTY COUNCIL.

★

Mr. A. A. F. Lumsden has been appointed chairman of BACON EVERITT MORRIS & ASSOCIATES in succession to Mr. P. R. Lawrence, who remains on the Board.

★

Mr. Chris Smith, formerly managing director of ITT-Cannon Europe, becomes the European regional director of ITT INDUSTRIAL AND COMMERCIAL PRODUCTS GROUP. Mr. Phil Chauveau, who was marketing director of ITT's Electronics and Industrial Components Group, has been made the new general manager of ITT-CANNON EUROPE.

★

Mr. Stanley B. Chard has been appointed a director of MANSON BYNG & COMPANY.

★

Mr. J. J. G. Brown, former managing director of Jardine Matheson & Co., has been appointed a director of MATHESON & CO., on his return to the UK. He remains on the main Board of *Jardine Matheson & Co.* as a non-executive director.

★

Mr. C. W. Price has been made managing director of CHARLES WADE & CO. Mr. A. C. Clowes has joined the Board and will continue to have special responsibility for WADE BUILDING SERVICES. On March 1 Mr. P. D. Brampton will join the company as sales director, with special responsibility for sales and marketing, WADE STEEL. He has been a director of STEEL PLATE AND SECTIONS in a similar capacity.

★

Mr. Thomas Gilbey has been appointed senior technical director of MAGOGI INDUSTRIES. He will be responsible for the plastics injection screw and barrel division and will operate the new product development department.

★

Dr. K. W. J. Bowen has been appointed group manager—Sales for ACHESON INDUSTRIES (EUROPE). He will be responsible for overseeing planning, directing and controlling all Acheson sales in Europe.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	850	135	—	155	6	177	—	971p
BP	900	88	2	115	—	135	—	"
BP	950	45	5	74	—	98	15	"
BP	1000	19	16	48	5	—	—	"
Cons Gold	160	50	2	53	—	—	—	203p
Cons Gold	200	14	11	20	9	27	—	"
Cons Gold	220	5	18	11½	2	16	—	"
Courtaulds	100	10½	5	13	—	15	—	106p
Courtaulds	110	4½	—	7	15	9½	—	"
Courtaulds	120	1½	—	3	1	6	10	"
Courtaulds	130	¾	1	1½	—	—	—	"
GEC	300	30	42	45	—	54	—	320p
GEC	330	11	54	26	—	36	—	"
GEC	360	3	40	12½	10	—	—	"
Grand Met.	110	8½	31	13	25	16½	—	117p
Grand Met.	120	3½	20	6½	25	10	—	"
ICI	330	29	10	45	—	50	5	357p
ICI	360	9½	58	24	23	32	1	"
ICI	390	2½	—	11	23	18	6	"
Land Secs	200	61	5	—	—	—	—	256p
Land Secs	220	42	10	47	—	—	—	"
Land Secs	240	23	24	17	—	38	—	"
Land Secs	26p	8½	32	—	—	26	1	"
Marks & Sp	80	9½	3	12½	—	17	—	85p
Marks & Sp	90	3½	5	6½	4	9	10	"
Shell	600	44	10	72	2	85	—	635p
Shell	650	14	2	38	4	50	—	"
Totals			407		154		47	
		February		May		August		
Boots	200	¾	10	9	—	14	—	189p
EMI	120	—	—	13	5	16	5	125p
EMI	140	¼	—	4	—	6½	2	"
Imperial Gp	80	3½	50	8	—	10½	—	82p
Imperial Gp	90	½	—	3½	25	5½	—	"
RTZ	280	5	47	22	9	27	—	277p
Totals			107		39		7	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P/E Ratio
65	F.P.	20/2	111	68	Caledonian Hldgs.	111	+2	b7.3	1.6	9.9	9.4
**	F.P.	16/2	132	118	Hunting Assoc. Defd.	120	−2				
—	F.P.	—	104	89	††IAS Cargo Airlines	96	+1	F2.8	3.7	4.4	(10.4)
**	F.P.	9/2	37	31	M. Y. Dart Defd.	34	+1				
110	F.P.	17/1	136	116	Mill'tts L's're Shps 20p	127	+2	b5.7	1.8	6.7	12.2

FIXED INTEREST STOCKS

Issue Price	Am'unt Paid up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price £	+ or −
¶¶	F.P.	16/2	109p	102p	Assoc. Dairies 9¾% Pref.	102p	.....
¶	Nil	23/2	1pm	1pm	Chepstow Race'e 6% Cnv. Uns. Ln. 1988	1pm	.....
¶	F.P.	26/1	100½	89¾	Colne Valley Water 8% Red Prf 1983	98½	.....
‖100p	F.P.	28/12	100½p	98p	Findlay 8% Cnv. Cum. Red. Prf.	100p	.....
‡100	F.P.	5/1	138	102	Hawley-Leisure 12% Cnv. Uns. Ln. '86-88	138	.....
—	F.P.	—	139p	118p	††IAS Cargo Airlines 8% Cnv. Pref. £1	137p	+2
¶	F.P.	1/3	101½	100	Mid Kent Water 8% Pref. 1984	100	.....
100p	F.P.	11/1	107p	100½p	Rivington Reed 9½% Cnv. Cum. Red. Pref.	103p	.....
97½p	F.P.	5/1	94p	94p	Seascope 10¼% Pref.	94pd	.....
**		9/3	98p	96p	Shaw Carpets 10% 2nd Cum. Pref. £1	95p	.....

"RIGHTS" OFFERS

Issue Price p	Am'unt Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978/9 High	1978/9 Low	Stock	Closing Price p	+ or −
60	F.P.	19/1	19/3	78	67	Associated Biscuit	78	+2
125	F.P.	9/2	23/3	170	154	Baker Perkins	169	+2
C$21½	Nil	—	—	32½pm	21½pm	Bank of Nova Scotia	21pm	−2
220	F.P.	14/2	6/4	255	238	Haslemere Estates	247	+5
60	Nil	—	—	3pm	2pm	Hawkins & Tipson	3pm	.....
58	Nil	—	—	8pm	4½pm	Montfort	4½pm	.....
20c	Nil	—	—	38pm	24pm	Poseidon	38pm	.....
10	F.P.	22/1	23/2	17½	14½	Suter Electrical Defd.	16	.....
18	F.P.	14/2	14/3	26¼	25	Swan Ryan Intl.	26¼	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Feb. 13, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Mon., Feb. 12 Index No.	Fri., Feb. 9 Index No.	Thur., Feb. 8 Index No.	Wed., Feb. 7 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	223.82	+1.7	18.09	5.95	7.56	219.99	221.44	221.54	225.03	202.28
2	Building Materials (28)	198.36	+1.7	19.35	6.61	7.11	195.11	195.92	197.13	199.41	190.21
3	Contracting, Construction (28)	331.89	+2.5	23.26	6.21	6.17	323.88	328.50	331.04	339.39	324.74
4	Electricals (15)	532.52	+2.6	14.45	3.57	9.47	518.81	522.17	522.37	538.02	453.55
5	Engineering Contractors (12)	340.97	+0.9	19.70	6.64	6.86	338.08	340.32	342.26	347.84	288.74
6	Mechanical Engineering (73)	173.61	+1.2	19.23	6.41	6.93	171.62	172.73	171.47	174.49	168.88
8	Metals and Metal Forming (16)	155.04	+0.9	17.95	9.27	7.75	153.60	154.43	154.57	158.89	163.32
	CONSUMER GOODS										
11	(DURABLE) (53)	199.91	+1.7	17.64	5.42	7.57	196.65	197.81	196.23	198.77	186.68
12	Lt. Electronics, Radio, TV (16)	258.50	+1.5	14.65	4.05	9.57	254.60	254.63	253.08	255.91	223.29
13	Household Goods (12)	157.98	+0.4	19.14	7.35	7.19	157.33	158.18	159.03	161.13	170.42
14	Motors and Distributors (25)	111.05	+2.2	23.03	7.62	5.45	108.66	109.16	108.94	110.70	113.82
	CONSUMER GOODS										
21	(NON-DURABLE) (170)	205.77	+1.6	16.94	6.31	7.80	202.54	204.92	204.78	207.28	189.83
22	Breweries (14)	223.60	+1.2	17.08	6.72	7.43	220.90	221.41	222.69	224.61	211.83
23	Wines and Spirits (6)	292.05	+2.3	15.91	5.10	9.23	285.39	286.83	286.36	291.17	239.74
24	Entertainment, Catering (17)	270.23	+1.4	16.20	7.01	8.17	266.58	267.79	267.65	270.68	243.47
25	Food Manufacturing (19)	195.74	+1.1	19.20	5.68	6.94	193.52	194.42	194.29	196.84	185.47
26	*Food Retailing (15)*	227.29	+1.6	14.20	5.18	9.58	223.66	225.72	224.03	227.62	186.73
32	Newspapers, Publishing (12)	376.61	—	21.77	6.49	6.51	376.51	377.98	376.33	376.00	326.45
33	Packaging and Paper (15)	131.40	+1.9	19.20	8.02	6.82	128.90	130.13	130.50	133.41	119.68
34	Stores (40)	190.35	+2.1	12.78	5.00	11.22	186.40	187.06	186.85	189.31	178.42
35	Textiles (23)	169.84	+0.5	18.99	8.83	6.82	169.06	170.89	170.72	173.80	172.62
36	Tobaccos (3)	238.35	+1.7	23.79	8.64	4.94	234.27	249.69	248.19	250.27	221.22
37	Toys and Games (6)	90.06	+0.7	24.63	7.22	4.79	89.47	90.23	89.04	90.48	100.15
41	OTHER GROUPS (99)	191.61	+2.0	16.15	6.52	7.97	187.78	188.59	188.45	191.11	186.57
42	Chemicals (18)	274.48	+2.3	16.24	6.90	8.02	268.31	269.20	268.63	272.29	252.33
43	Pharmaceutical Products (7)	237.36	+3.0	11.71	4.98	10.35	230.45	231.75	230.68	233.59	245.52
44	Office Equipment (6)	123.37	+2.0	17.65	6.53	6.90	120.98	120.96	120.94	124.30	129.33
45	Shipping (10)	408.77	+0.7	14.80	7.44	8.57	405.81	409.02	407.67	403.15	456.52
46	Miscellaneous (58)	206.60	+1.5	18.79	6.95	7.03	203.62	204.75	205.29	207.95	196.55
49	INDUSTRIAL GROUP (494)	213.01	+1.7	17.09	6.20	7.76	209.35	211.01	210.84	213.75	198.32
51	Oils (6)	554.11	+0.8	12.60	3.63	8.62	549.76	545.43	541.78	534.45	446.95
59	500 SHARE INDEX	240.81	+1.6	16.32	5.77	7.90	237.06	238.38	237.86	240.05	211.66
61	FINANCIAL GROUP (115)	167.51	+1.3	—	5.81	—	165.32	165.30	165.59	167.51	161.87
62	Banks (6)	202.40	+2.3	23.28	5.82	6.44	197.92	197.54	196.80	197.86	181.79
63	Discount Houses (10)	206.38	+0.8	—	8.84	—	204.74	204.48	205.28	204.90	200.96
64	Hire Purchase (5)	155.84	+1.2	20.50	5.61	6.26	153.99	153.16	157.79	159.52	148.55
65	Insurance (Life) (10)	127.24	+0.9	—	7.39	—	126.08	126.18	126.89	129.01	135.87
66	Insurance (Composite) (7)	116.18	+0.4	—	7.55	—	115.75	115.88	116.20	117.70	120.02
67	Insurance Brokers (10)	296.53	+1.4	16.09	5.72	8.86	292.37	293.39	296.77	301.03	311.13
68	Merchant Banks (14)	75.65	+1.0	—	6.63	—	74.91	75.05	75.80	76.60	70.28
69	Property (43)	282.15	+1.4	3.75	2.86	42.73	278.16	277.80	277.83	281.00	241.36
70	Miscellaneous (10)	109.86	+0.8	20.56	7.17	6.05	109.05	109.51	109.66	110.61	106.01
71	Investment Trusts (111)	206.07	+0.4	—	5.19	—	205.31	206.59	207.26	209.29	184.33
81	Mining Finance (4)	119.99	−1.0	15.66	5.93	7.86	121.24	120.06	119.50	121.21	88.60
91	Overseas Traders (20)	318.03	+0.4	15.84	7.72	7.97	316.76	318.00	318.83	321.74	275.42
99	ALL-SHARE INDEX (750)	221.91	+1.4	—	5.79	—	218.89	219.78	219.58	221.72	202.43

FIXED INTEREST PRICE INDICES

	British Government	Tues., Feb. 13	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	106.40	+0.18	0.40	1.63
2	5-15 years	104.54	+0.55	—	1.10
3	Over 15 years	107.93	+0.56	—	1.55
4	Irredeemables	116.23	+0.47	—	0.00
5	All stocks	104.16	+0.40	0.17	1.46

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Tues., Feb. 13	Mon., Feb. 12	Year ago (approx.)
1	Low Coupons	5 years	10.69	10.72	7.87
2		15 years	12.25	12.34	10.11
3		25 years	13.07	13.17	10.58
4	Medium Coupons	5 years	13.77	13.86	10.11
5		15 years	13.80	13.88	11.08
6		25 years	13.80	13.88	11.21
7	High Coupons	5 years	14.21	14.28	10.72
8		15 years	14.38	14.46	12.07
9		25 years	14.34	14.42	12.18
10	Irredeemables		12.80	12.86	10.41

		Tues., Feb. 13 Index No.	Tues., Feb. 13 Yield %	Mon. Feb. 12	Fri. Feb. 9	Thur. Feb. 8	Wed. Feb. 7	Tues. Feb. 6	Mon. Feb. 5	Fri. Feb. 2	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	53.24	14.17	53.21	52.60	52.51	52.71	52.86	52.75	52.89	61.52
16	*Investment Trust Prefs.* (15)	47.68	14.67	47.66	47.01	47.01	47.96	48.15	48.24	48.93	57.08
17	Coml. and Indl. Prefs. (20)	67.41	13.91	67.49	68.29	68.52	69.07	69.53	69.80	70.20	77.42

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	97.3	102.4	+0.2	3.44
Abbey Capital	33.9	36.1	+0.4	4.57
Abbey Income	40.1	42.7	+0.4	6.56
Abbey Inv. Tst. Fd.	35.5	37.8	+0.1	4.88
Abbey Gen. Tst.	45.5	48.4xd	+0.6	4.62
Equitas Prog Tst	67.2	70.9	+0.8	4.74

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	67.6	72.9	+0.5	5.60
Brit. Inds. Fund	63.6	68.1	+0.8	5.73
Grth. & Inc.	36.3	38.8	+0.4	5.67
Elect. & Ind. Dev	34.8	37.2	+0.3	4.84
Allied Capital	69.9	74.8	+0.3	4.84
Hambro Fund	106.6	114.1	+1.1	5.48
Hambro Acc. Fd.	123.0	131.6	+1.6	4.99
Income Funds				
High Yield Fd.	70.2	75.1xd		8.66
High Income	65.9	70.5	+0.5	7.36
A. H. Eq. Inc.	38.0	40.7xd	+0.3	7.54
International Funds				
International	26.5	28.4xd	+0.1	2.39
Pacific Fund	44.3	47.4xd	-0.6	1.88
Secs. Of America	55.0	58.3	+0.4	1.95
Specialist Funds				
Smaller Co.'s Fd.	37.3	39.9xd	+0.1	4.76
2nd Smlr. Co's Fd.	49.4	52.9	+0.1	4.50
Recovery Sits.	96.0	102.7	+0.4	5.36
Met. Min. & C'dty.	44.1	47.2	...	4.85
Overseas Earnings	58.1	62.2	+0.7	4.66
Exempt Funds◆				
Far East Exempt	46.6	48.9	-0.4	2.07
Smaller Co Exempt	61.6	64.8	+0.1	5.02
U.S.A. Exempt	97.6	102.7	+0.7	2.26

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	51.9	55.8	-0.8	4.98

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	165	174	...	9.92

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

††High Yield	44.7	48.6	-0.3	11.67
††(Accum. Units)	65.8	71.6	-0.4	11.67
Extra Income Fd	101.7	110.7	-0.3	11.20
High Inc. Fund	38.3	41.7xd	+0.1	9.57
‡(Accum. Units)	55.3	60.2xd	+0.2	9.57
(8½% W'drwl. Uts.)	50.6	55.1xd	+0.1	9.57
Preference Fund	23.2	25.2xd	...	13.11
(Accum. Units)	37.5	40.8xd	...	13.11
Capital Fund	18.4	19.9	...	—
Commodity Fund	64.2	69.1	+0.4	5.28
(Accum. Units)	93.8	100.9	+0.4	5.28
(10% W'drwl.U.)	54.5	58.7	+0.4	5.28
Fin.&Prop.Fd.	16.7	18.0	-0.4	3.07
Giants Fund	37.1	40.4xd	+0.7	2.10
(Accum. Units)	44.4	48.3xd	+0.8	2.10
Growth Fund	31.6	34.4xd	+0.2	2.12

James Finlay Unit Trust Mngt. Ltd.
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G. & A. Trust (a)(g)
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Gartmore Fund Managers
2 St. Mary Axe, EC3A 8BP

Gibbs (Antony) Unit Tst. Mgs. Ltd.
3 Frederick's Pl., Old Jewry, EC2.

Emson & Dudley Tst. Mngmnt. Ltd.
20, Arlington St., S.W.1. 01-499 7551

Emson Dudley Tst.	70.3	75.6	...	7.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	65.9	69.3	...	4.61

(Accum. Units)	221.0	237.6	+0.1	4.21
Specialised Funds				
Trustee	143.3	151.2	-1.2	7.06
(Accum. Units)	286.3	302.0	-1.1	7.06
‡‡Charibond Feb. 6		98.9xd	...	13.10
‡‡Charifund Feb. 13	143.4	145.6xd	-3.2	8.57
(Accum. Units)	190.9	193.8	-4.2	8.57
Pens. Ex. Feb. 12	139.1	146.7	...	6.10

CORAL INDEX: Close 455-460

INSURANCE BASE RATES

†Property Growth 12%
†Vanbrugh Guaranteed 12.62%
†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Jardine Estn. Tst.	HK$313.99			2.40
Jardine J'pn Fd.*	HK$405.40			0.90
Jardine S.E.A.	$US18.06			1.90
Jardine Flem. Int.	$HK12.04			—
Intl. Pac. Secs. (Inc.)	HK$13.79			—
Do. (Accum.)	HK$13.99			—

NAV Jan. 26. *Equivalent $US85.17
Next sub. day February 15

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg

Worldwide Gth. Fd.	$US15.92	+0.06		—

Wren Commodity Trust
10, St George's St., Douglas, IoM 0624 25015

Wren Commod. Tst.	111.7	112.8		—

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ◆. ¶ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

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Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly...	22	.....	—	—
41	33	Do. 5pc Pref......	40	.....	—	—
98	98	Chilean Mixed.....	98	.....	—	13.10
22	6	Chinese 4½pc 1898	19	.....	—	—
35	4½	Do 5pc 1912	31	.....	—	—
20½	4½	Do. 5pc 1925 Boxer	18½	.....	—	—
415	350	German Yng. 4½pc.	415	.....	4½	—

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 47¾% (based on US$1.9936 per £)
Conversion factor 0.6783 (0.6792)

CANADIANS

S.E. List Premium 47¾% (based on $2.3772 per £)

BANKS AND HIRE PURCHASE

1978-79 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's	P/E
59	37	Gibbs (A.)........	46	+1	2.23	—	7.2	—
255	195	Gillett Bros. £1.	220	.....	15.41	—	10.5	—
29	19	Goode D't Mry 5p	19	.....	0.13	—	1.0	—
142	96	Grindlays.........	117	−3	2.79	7.1	3.6	4.2
130	93	Guinness Peat ..	101xd	+1	H5.67	—	8.4	—
217	155	Hambros	176	+3	†9.76	—	8.3	—
100	78	Hill Samuel	79	+1	†4.97	—	9.4	—
600	56	Do. Warrants..	57	−3	—	—	—	—
360	203	Hong Shng.$2.50	283	+3	hQ59c	—	2.4	—
69	52	Jessel Toynbee .	60	.....	g3.65	—	9.1	—
215	150	Joseph (Leo) £1..	155	.....	8.74	—	8.4	—

BANKS & HP—Continued

Hire Purchase, etc.

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104	54	Messina R0.50	100	.....	—	—	—

MISCELLANEOUS

74	35	Barymin	68	.....	—	—	—
17	9	Burma Mines 17½p	12	.....	—	—	—
325	165	Cons. Murch 10c.	295	.....	—	—	—
465	245	Northgate C$1	390	+10	—	—	—
284	164	R.T.Z.	278	−2	9.5	2.8	5.1
90	30	Sabina Inds. C$1	59	+1	—	—	—
£12	687	Tara Expln. $1	856	+13	—	—	—
240	120	Yukon Cons. C$1	240	.....	Q7c	2.9	1.4

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents

$15¼	$10¼	Buffels R1	$13	−⅛	Q190c	ϕ	16.8
$11¾	830c	East Drie R1	$10½	−¼	Q115c	ϕ	12.6
585c	330c	East Rand Prp. R1	420c	+5	Q10c	—	—
$28⅛	$16½	F. S. Geduld 50c	$23½	−¼	Q315c	2.4	15.4
$15⅛	975c	Pres. Brand 50c	$12⅝	−¼	Q150c	3.2	13.6
$13½	900c	St. Helena R1	$13⅛	−¼	Q190c	1.4	16.6
510c	313c	Stilfontein 50c	495c	−10	Q66c	2.3	15.4
$23¼	$16¼	Vaal Reefs 50c	$22	−⅝	Q280c	ϕ	14.7
$37	$25	West Drie R1	$32⅝	−⅛	†Q385c	1.7	13.6
$31¼	$19	West Hldgs. 50c	$28¾	−¼	Q415c	1.4	16.9
$13	895c	Western Deep R2	$11½	−⅛	Q147½c	2.4	14.7

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable or part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xcd ex capital distribution.

"Recent Issues" and "Rights" Page 32

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange

Albany Inv. 20p	26	.....	Sheffield Brick	51	.....
Ash Spinning	106	.....	Sheff. Refrshmt.	70	.....

IRISH

OPTIONS

3-month Call Rates

FINANCIAL TIMES

Wednesday February 14 1979

BL strike leaders may call for return to work

By Arthur Smith, Midlands Correspondent

STRIKE LEADERS at BL Cars' Longbridge plant, Birmingham, are expected to recommend a return to work today to the 20,000-strong workforce.

The decision, which is expected at today's mass meeting, represents further vindication of BL's tough line in refusing to award agreed parity payments until productivity had improved.

Longbridge had thought it was setting the pace for other plants by walking out last Wednesday in protest at the company's stand. But opinion between stewards who met at the plant yesterday is believed to have been sharply divided.

Many stewards argued that Longbridge should "go it alone" in putting pressure on the company to make the parity payments which would be worth up to £10 a week to many workers. Other union leaders maintained that the 2-1 rejection registered in a vote by all BL Cars plants should be respected.

BL Cars' senior shop stewards have withdrawn the threat of a total strike by all 100,000 manual workers, and have agreed to return to the negotiating table.

Progress on their demand for talks about "the scale of measurement" for the productivity gains necessary to trigger parity payments seems unlikely, given the shop floor rejection of militant action.

BL Cars management maintains that parity payments must be justified by higher productivity if the company is to remain viable. Union leaders say, however, that the heavy vote against strike action does not reflect support for company proposals.

They argue that there is widespread resentment among workers about the company's stance. Many employees remained opposed to central bargaining and the concept of parity—the same wage for the same job, regardless of the factory.

Expansion was slowing before strike outbreak

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE EXPANSION of the economy had already run out of steam before the most recent outbreak of industrial disputes, according to official figures up to the end of 1978, published yesterday by the Central Statistical Office.

The figures suggest that the underlying level of industrial output has changed little since the sharp rise between the spring and early summer.

The actual level of output, however, was lower towards the end of the year than in the summer because of strikes in the motor industry, notably at Ford.

The all-industries' index between October and December was 1.2 per cent lower than in the previous three months, while manufacturing production was 2.1 per cent down. The CSO says that these falls reflect losses in output attributable to industrial disputes in the motor sector.

In December, the all-industries' index stood at 111.3 (1975 = 100, seasonally adjusted). This was 1½ per cent higher than in the previous month and just over half the rise can be attributed to the ending of the Ford dispute. A large part of the rest can be explained by a rise in gas, electricity and water output as a result of the start of the cold spell.

The figures may, however, be subject to a larger than usual margin of revision since the data are not as complete as usual because of the impact of the recent disputes on industry.

It is likely that output will have been depressed in January by the impact of the lorry drivers' strike. The Confederation of British Industry trends survey at the end of last month suggested that the slow recovery in the latter part of 1978 in orders and use of capacity may not continue over the next few months.

In spite of the check to the growth of output towards the end of last year, however, the average level of the all-industries' index was 3.7 per cent higher in 1978 than in the previous year. But there was a gain of only 0.7 per cent in manufacturing production.

The difference is mainly explained by a sharp rise in North Sea production which was reflected in a 24.4 per cent increase in mining and quarrying output in 1978. Construction output increased by nearly 7 per cent last year according to a preliminary estimate.

The detailed breakdown shows that in the last three months of 1978 the output of the metal manufacturing sector was 4 per cent lower in the previous quarter and the production of the engineering and allied industries was 4.9 per cent lower. Both falls were principally because of the motor industry disputes.

Textile output was 2.1 per cent down on the same comparison and shipbuilding production was also lower.

On the positive side, production of the food, drink and tobacco sector and of the chemicals and paper and printing industries were both higher.

INDUSTRIAL PRODUCTION
1975=100, seasonally adjusted

		All Industries	Manufacturing
1977	1st	105.5	103.8
	2nd	105.6	102.4
	3rd	106.2	103.0
	4th	105.8	101.9
1978	1st	106.9	102.1
	2nd	110.9	104.7
	3rd	111.2	104.9
	4th	109.9	102.7
	Oct.	108.9	102.1
	Nov.	109.6	102.5
	Dec.	111.3	103.6

Source: Central Statistical Office.

Minet plans insurance pool with U.S. brokers

BY JOHN MOORE

ANOTHER MAJOR upheaval is taking place in the transatlantic insurance broking scene. Minet Holdings, a Lloyd's of London insurance broker, is planning to pool its insurance business with Corroon and Black, one of the top six insurance brokers in the U.S.

Once the deal is completed, the two companies could be pooling around $2bn in insurance premiums, and about $200m in brokerage income.

Minet Holdings, quoted on the London stock exchange with a stock market value of £82m, said last night that exploratory discussions were in progress between the two groups "with a view to sharing the results of their worldwide businesses."

The ruling Lloyd's committee has been advised of the discussions "and both groups recognise the importance of Minet remaining independent in all matters relating to Lloyd's."

The move follows similar proposals by C. T. Bowring, the Lloyd's of London broker which is intending to pool its insurance businesses with Marsh and McLennan of the U.S., and Sedgwick Forbes and Bland Payne, which is linking with Alexander and Alexander.

Minet Holdings has had a close relationship since 1974 with another major U.S. insurance broker, Fred. S. James, which is similar in size to Corroon and Black. Minet has a 10 per cent stake in Fred S. James, and James in turn has a stake in Minet subsidiaries.

Minet said yesterday that it had agreed with James that this "long standing association and co-operation will continue."

But there is another complication. Corroon and Black holds a 35 per cent stake in Lloyd's broker Glanvill Enthoven. The Charterhouse Group, the banking and industrial conglomerate which holds the remaining 65 per cent in Glanvill, said last night that it has "expressed interest in reacquiring" the Corroon and Black investment.

Public spending decision tomorrow

By Peter Riddell, Economics Correspondent

SENIOR Ministers will tomorrow determine the extent of the review of public spending plans.

The Cabinet is due to decide on the rules for the normal annual review of spending plans. This lays down the extent of any possible cuts or additions in spending to be put forward by departments in the early summer for consideration by Ministers.

The discussion is expected to broaden out to consider the scope for more immediate changes in spending plans, which are known to be favoured by senior economic Ministers as part of a tough Budget.

In addition, the Cabinet will have to discuss cash limits. There are mounting official pressures for an early decision on fixing the limits for the next financial year, which starts in just over six weeks.

The absence of many large-scale public sector deals has created considerable political and administrative problems in preparing the limits, of which pay forms a large part.

Implications

Officials are examining the implications for cash limits of various possible pay rises above the previous wage guidelines, and are looking at whether, as a result, any adjustments or cuts in the volume of spending may be necessary.

The exercise has so far mainly involved local authorities; the Cabinet has already agreed to increase cash limits to allow for pay settlements of about 9 per cent for council manual workers. Any higher deal might involve small cuts in services.

The local authority settlements will directly affect both the Health Service and central government cash limit calculations. As part of this exercise existing lists of possible cuts have been revived—but the problem is bedevilling Budget preparations.

The official view remains that Mr. Denis Healey, the Chancellor, wants to wait until the pay prospects become less uncertain and the new Treasury forecasts are available before making any decisions.

This, together with possible political problems, appears to rule out any early or emergency package, especially as sterling remains stable and the money and gilt-edged markets have reacted favourably to last week's rise in Minimum Lending Rate.

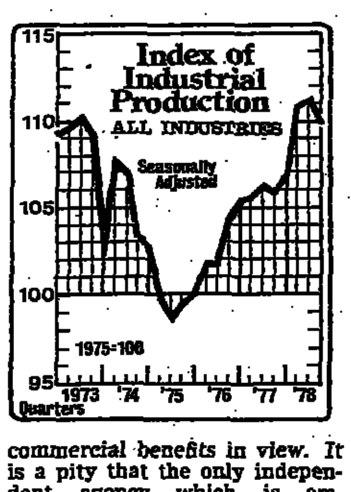
THE LEX COLUMN

Norcros returns for Johnson

Subtly, anxieties in the financial markets have eased in the past couple of days. Maybe the MLR hike last Thursday should have been accompanied by fiscal backup—but the City is increasingly confident that the next Budget will take a reasonably tough stance. Meanwhile some of the more extreme fears over the escalation of pay settlements are easing, and yields at the long end of the gilt-edged market are high enough to be attracting—as in late 1976—the attention of foreigners who place more emphasis on Britain's oil wealth, enhanced as it is by the Iranian crisis, than on industrial squabbles. As for equities, there was a sharp technical rally yesterday.

It looks as though the institutions are taking advantage of the lower levels of both equities and gilts to reduce the unusually high liquidity. But they will want to keep much of their powder dry ahead of the coming political season which begins in earnest with the Scottish referendum on March 1.

Index rose 9.3 to 455.4



Norcros offer

Norcros has come back with a higher offer for Johnson-Richards Tiles, but it has not produced a knockout blow. Its latest bid is worth 147p per share, of which 65p is cash and the rest is equity. Johnson-Richards currently stands at 134p in the market, a level which ought to be more or less sustainable if Norcros fails and its own proposal—a merger with Armitage Shanks—succeeds. In that event, its shares would be on a p/e of under 6 (under 9 fully taxed) and the yield would be getting on for 10 per cent.

So although Norcros has an edge, it is not overwhelming. London Brick and other big shareholders of Johnson-Richards have accepted its bid with 23 per cent of the equity, but they may have special motives. London Brick, for instance, wants to sell on the best possible terms an investment which no longer makes any financial sense, and Norcros certainly offers it the best way out.

But long-term holders have to consider the commercial implications of the alternative deals. Neither case is clear cut. Expressed in extreme terms, Norcros is a conglomerate attempting to expand what has so far been a most unprofitable consumer product group, while Johnson-Richards is proposing a cosy defensive merger between two Staffordshire companies with few very obvious commercial benefits in view. It is a pity that the only independent agency which is empowered to assess this kind of affair is as cumbersome as the Monopolies Commission.

MFI

With interim profits of £6.03m against £1.71m pre-tax, MFI is clearly on a very strong growth path but its dividend aspirations stood to have been stymied by the missed dividend of 1975. The Treasury interprets a missed dividend as implying infinite cover, which eliminates any chance that a company like MFI can normally benefit from the cover rule whatever its subsequent growth performance. The proposed scheme of arrangement is a cosmetic move to bypass this quirk but given such nominal dividend freedom, shareholders may ask why the income reward for near threefold earnings growth is not greater. The yield at 234p on the projected doubled annual dividend is only 2.7 per cent.

The answer is that past elephantine attempts by other companies to blaze a trail through the dividend jungle with devices such as preference share issues and deeply discounted rights offers have been without warning blocked, making self-restraint now seem prudent.

Dalgety

In less than two years Dalgety has had two rights issues totalling £30m, arranged a ten-year bank facility worth around £50m and made over half a dozen acquisitions. So the stock market had been gearing itself up for some spectacular results. In the event a 22 per cent rise in interim pre-tax profits to £12.2m looked decidedly pedestrian, and the shares which had been hovering close to their year's high, fell 3p to 321p. Thanks to favourable movements in tax and minorities attributable profits are up by around two-thirds, however.

The recovery in Australia alone should help Dalgety push its full year profits up from £24.4m to over £30m. However, other parts of the business are not so prosperous. Canada, which proved a real money-spinner last year, will be down and profits of "other activities" which represents over a quarter of total turnover fell by 60 per cent at the halfway stage.

So investors still need assurance that Dalgety can continue to generate profits growth in 1979/80. Simon and Coates, for example, reckon that they are on track for £40m pre-tax. Others are less optimistic. In the meantime the shares yield 7.5 per cent and earnings per share of 40p say in 1978/9 would not be much differen from what they were in 1975, —prior to the two rights issue

Notts. Manufacturing

The strong advance in Marks and Spencer's profits last year raised expectations of the figures that Nottingham Manufacturing, one of its major suppliers, might produce. In the event 1978 pre-tax profits of £15.4m, 13 per cent above the previous year if an exceptional item is stripped out, left NM shares 8p down at 120p.

This is, admittedly, rather slower earnings growth than NM has shown over the last two years. Second half margins were squeezed despite high consumer spending as sales of imported textile goods were still running at a high level; benefits from the Multifibre Agreement have yet to show through. Further pressure on margins may come from the sharp rise in synthetic fibre prices.

This year has begun reasonably well and if there is a weakening of retail sales volume on the back of a hard Budget, NM with a balance sheet that probably shows more than £30m of liquidity is well-placed to withstand it. It might then be able to acquire more highly-geared companies relatively cheaply.

A new source of profits would certainly be useful if NM is to retain its reputation for growth; at the moment the yield of only 4.6 per cent leaves the shares rather exposed if the company fails to satisfy an increasingly demanding market. Fully taxed and diluted, the p/e is around 9.

Germans expect new 'Carter notes' issue

BY GUY HAWTIN IN FRANKFURT

FRANKFURT BANKERS are expecting the Bundesbank to announce details of the second issue of "Carter notes" today. Officials at the West German central bank yesterday refused to confirm or deny reports, but wide-ranging rumours had the market preparing for the invitation to submit subscription tenders for the U.S. Government's second issue of Deutsche mark denominated Treasury notes.

The market here believes the second issue, like the first, will be split into two tranches, one of 2½ years and the other of 3½ years. This compares with the first issue, which was set at three years and four years minus one day.

It is thought the issue will once again be of a maximum DM 3bn ($1.62bn), and speculation puts the likely yield at about 6 per cent for the 2½-year tranche and 6.6 per cent for the 3½-year one. This compares with the first issue when the shorter dated tranche yielded 5.95 per cent and the longer one 6.2 per cent.

The estimates could well be a little on the high side—indeed, similar ones were advanced for the first issue. Interest should not be much more than 0.2 per cent higher than the rates West German Federal Government paper is yielding.

If the rumours are correct there will be no prospect of foreign banks subscribing to the notes. Only German residents are permitted to buy bearer bonds with maturities of up to, but not including, four years.

As before, the issue will take the form of "schuldscheine," which roughly translates into English as "promissory notes." Schuldscheine do not, however, constitute legal documents in German law and are, in effect, assignments of participation in loans.

The schuldscheine form of the issue has been chosen because it allows the borrowers the option of imposing "no foreigners" restrictions on the loan. A further restriction is likely to come in the form of a minimum subscription of DM 500,000, rising in multiples of that figure, which effectively confines the issue to banks.

Weather

UK TODAY

SOUTHERN areas will start cloudy with sleet or snow but brighter and drier weather will spread from the north.

London, South East, Wales, Midlands, E. Anglia
Sleet or snow at first. Brighter later. Max. 2C (36F).

Channel Isles, S.W. England
Occasioinal rain or snow. Max. 4C (39F).

Northern England, E. England
Sunny intervals. Scattered showers. Max. 3C (37F).

U.W. England, Ulster, Isle of Man, N.W. and S.W. Scotland
Sunny spells. Mostly dry. Max. 3C (37F).

Scottish highlands and islands
Sunny intervals. Scattered snow showers. Max. 0C (32F).

● **Outlook:** Wintry showers in southern and eastern England. Otherwise mainly dry with sunny intervals.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	16	61	Locarno	F	8	46
Algiers	S	20	68	London	R	8	46
Amsdm.	C	6	43	Luxmbg.	C	6	43
Athens	F	18	64	Luxor	S	32	90
Bahrain	S	21	70	Madrid	R	11	52
Barclna.	F	14	57	Majorca	F	17	63
Belfast	C	4	39	Malaga	F	15	59
Belgrd.	C	7	45	Malta	F	17	63
Berlin	Sn	−3	27	M'chstr	C	3	37
Biarritz	R	10	50	Melbne.	C	19	66
Bmghm.	C	2	36	Mex. C.	C	17	62
Blackpl.	R	3	37	Milan	Fg	5	41
Bordx.	R	11	52	Mntreal.	S	−20	−3
Bristol	C	2	36	Moscow	C	−8	18
Brussels	R	8	46	Munich	F	10	50
Budpst.	F	7	45	Nairobi	S	24	75
B. Aires	S	34	92	Naples	R	12	54
Cairo	S	28	82	Nwcstl.	Sl	3	37
Cardiff	C	2	36	N. York	S	−11	12
Cas'b'ca	C	18	64	Nice	S	14	57
Cape T.	C	26	78	Oslo	S	−7	19
Chicago	C	−7	19	Paris	C	9	48
Cologne	C	6	43	Perth	S	26	79
Conhgn.	C	−3	27	Prague	S	5	41
Corfu	C	15	59	Reykjvk.	F	−1	30
Dublin	C	4	39	Rhodes	F	18	64
Dbrvnk.	C	13	55	Rio J'o	C	27	80
Ednbgh.	R	2	36	Rome	R	15	59
Florence	C	13	55	Salzbrg.	F	10	50
Frankft.	C	5	41	Singapr.	C	28	82
Funchal	F	19	66	Stckhm.	S	−13	9
Genova	C	10	50	Sydney	S	28	82
Gibrltr.	R	17	63	Tangier	F	18	64
Glasgow	C	3	37	Tehran	C	11	53
G'rnsey	C	9	48	Tel Aviv	F	23	73
Helsinki	S	−21	−6	Tenerife	S	16	61
H Kong	C	21	71	Tokyo	C	13	56
Innsbrk.	F	7	45	Toronto	C	−20	−4
Invrnss.	C	2	36	Tunis	R	16	61
I.o Man	R	4	39	Valencia	F	18	64
Istanbul	F	17	63	Venice	C	9	48
Jersey	C	9	48	Vienna	C	4	39
Jo'burg	C	26	78	Warsw.	Sn	−4	25
L. Plms.	S	21	70	Zurich	S	6	43
Lisbon	F	15	59				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Benn opposes Harrier sales to China

BY PHILIP RAWSTORNE

MR. ANTHONY WEDGWOOD BENN, the Energy Secretary, yesterday joined Labour Left-wingers in open opposition to the Government's proposed sale of Harrier jets to China.

Mr. Benn's move could lead to another clash over his role as a Cabinet Minister with Mr. James Callaghan.

The Prime Minister announced during his visit to Guadeloupe for the recent summit talks that the Government had agreed in principle to supply China with the strike aircraft as part of a wider trade deal.

Not only did Mr. Benn challenge this decision yesterday, but he also led demands from the Labour Party's International Committee for clarification of the Gvernment's arms sales policy.

Mr. Benn has already received several warnings from the Prime Minister that he cannot stay in the Cabinet if he flouts its collective responsibility for Government policy.

But he yesterday told a meeting of the International Committee that if the Government was not going to sell Harriers to Russia, it should not supply them to China.

The Energy Secretary voted for a motion, put forward by Left-wing MPs Mr. Frank Allaun (Salford East) and Mr. Eric Heffer (Walton) calling on the Government to reconsider its decision.

The motion welcomes non-military trade and contacts with China but adds that, in spite of "facile and over-confident denials," the jets deal would undermine the prospects for detente and peace between East and West, for halting the arms race and for an arms limitation agreement.

On Mr. Benn's initiative, the committee added a further sentence to the motion calling on the Government to clarify its arms supply policy.

The motion was passed by seven votes to four. Mr. Fred Mulley, Defence Secretary, and three trade union members of the committee voted against.

A final Government decision on the Harriers deal is not expected until next month when the current trade negotiations are likely to be concluded by Mr. Eric Varley, Industry Secretary, who is to lead a trade mission to China.

Continued from Page 1

Iran bank accounts

Despite strong pressure on banks and companies to safeguard their Iranian investments there both Whitehall and the State Department are thought to be urging caution. Diplomats argue that legal action at this stage to invoke penalty clauses, in the case of cancelled contracts, or to seize Iranian assets abroad could rebound seriously on future western opportunities in Iran.

In addition, senior bankers in New York and London were last night stressing that the position of the privately owned Iranian Bank may not be completely typical. The institution was the subject of considerable speculation about its future last year.

Mr. Hozhabr Yazdani, an Iranian industrialist and banker, last year acquired 54 per cent of the bank's shares. But in March, he was forced to sell his 20 per cent shareholding in Bank Saderat, Iran's largest private bank, after opposition to his ownership from the Shi'ite Moslem community, whose leaders objected to his membership of the Baha'i faith.

Continued from Page 1

Base rates lifted

be able to hold their present level of interest rates when the council meets again next month."

The banks are keen to emphasise that they have been looking for every opportunity to keep the increase in base rates as low as possible. They are also expressing the hope that rates have now peaked.

By going for only a 1 per cent increase the clearers believe they cannot be accused of making matters worse for industry. There is, however, still little evidence of an upsurge in corporate borrowing as a result of cash flow difficulties resulting from the recent industrial disputes.

The base rate increase means that overdrafts now cost between 16½ and 18½ per cent. Personal loan rates remain unchanged, at a true fixed cost of 17.8 per cent.

On the credit card front, it means that Barclaycard is under further pressure to increase its rate from 1.75 to 2 per cent a month, which Access did last year.

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